

Essential Health Benefits Overview

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Agenda and Purpose

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 - Overview of Essential Health Benefits (EHB) rules and options
 - Scope of EHB Study
- Purpose of this presentation is education to provide common background to New York stakeholders

Essential Health Benefits – Populations Impacted

- ACA indicated Essential Health Benefits (EHB) to be decided by Secretary of HHS for 2014 and later
- DOL Report – April 15, 2011 Surveyed employer plans
- Institute of Medicine – October 17, 2011 Key Recommendations:
 - Should balance cost and comprehensiveness by reflecting small group market
 - Should be guided by a national premium target
 - Process or Framework needed to update EHBs
 - Recommended flexibility across states
- HHS Bulletin– December 16, 2011 States to decide EHB using one of 10 benchmark plans

Essential Health Benefits – Populations Impacted (continued)

EHB applies to:

- Non-grandfathered insured plans in the individual and small group markets, both in and out of the Exchange
- Medicaid Benchmark and Benchmark Equivalent Populations
 - Medicaid Expansion Population
 - Certain Current Medicaid Populations
- Basic Health Plan Program

EHB not required to be offered by:

- Grandfathered plans
- Self-insured plans
- Insured Large Group plans

Essential Health Benefits – Scope of Services

- EHB refers to covered services, not cost sharing, but may include quantitative limits (such as annual visit limits)
- 10 Categories to be covered by Essential Health Benefits:
 - Ambulatory Patient Services
 - Emergency Room Services
 - Hospitalization
 - Maternity and Newborn Care
 - Mental Health and Substance Abuse Disorders
 - Prescription Drugs
 - Rehabilitative and Habilitative Services and Devices
 - Laboratory Services
 - Preventive and Wellness Services and Chronic Disease Management
 - Pediatric Services, Including Oral and Vision Care

Essential Health Benefits – Benchmark Plans

- For 2014 and 2015, the State can create an EHB package based on 4 benchmark plan options
 1. The largest plan by enrollment in any of the three largest small group insurance products in the State's small group market
 2. Any of the largest three State employee health benefit plans by enrollment
 3. Any of the largest three national FEHBP plan options by enrollment
 4. The largest insured commercial non-Medicaid HMO operating in the State

Essential Health Benefits – Benchmark Plans (continued)

- Largest plans determined by enrollment as of the first quarter of 2012
- Benchmark plan must be specified by third quarter of 2012
- Default plan, if the state does not select a benchmark, will be the largest small group plan
- If not all required ACA benefit categories are present in a benchmark plan, can look to other benchmark options for those benefits
- HHS intends to assess the benchmark process by 2016 and may modify the process at that time

Essential Health Benefits – Outstanding Questions

- Definition of Small Group ‘Plan’ and ‘Product’
 - “Product”: Offering by insurance carrier / employer that has a defined set of services covered under the plan
 - Multiple cost sharing provisions may occur between plans that are considered the same product
 - “Plan”: Specific cost sharing provisions for an offered product
 - Multiple plans may be included under the same product
 - Optional riders may also distinguish a plan

Essential Health Benefits – Outstanding Questions

- Annual Benefit Limitation on Essential Health Benefit Service
 - Common for insurance carriers to have annual visit or dollar limitations on services such as physical therapy
 - For example, if the selected benchmark plan limits physical therapy services to 20 visits, the EHB would have the same limit (as a minimum)

Essential Health Benefits – Outstanding Questions (continued)

- EHB Bulletin states,
 - *“Propose that a health insurance issuer have some flexibility to adjust benefits, including both the specific services covered and any quantitative limits.”*
 - Degree of state and insurance carrier flexibility is unclear
 - Further feedback requested on how substitutions between benefits may occur, whether within or between the 10 categories

Essential Health Benefits – Regulatory Precepts

- Intended by ACA to be broadly representative of a “typical employer plan”
- Encompass 10 categories of care in ACA
- Secretary not to make coverage, reimbursement decisions or establish incentive programs
- Must not discriminate and must meet needs of diverse segments of the population
- States to defray cost of mandated benefits in excess of EHBs
 - Mandated benefits included in the selected benchmark plan would become EHBs and not be funded by the State
 - Subject to change in 2016 upon HHS review of benchmark process

Essential Health Benefits – Benefits Not Commonly Covered by Benchmark Plans

- Habilitative Services
 - Not commonly described in commercial insurance coverage
 - HHS seeking comment
 - Currently proposing two options:
 - Parity with “Rehabilitation” – same coverage for PT/ST/OT for Habilitation
 - Plans would decide which services to cover, with HHS review
 - Narrow definition may be allowed vs. more broad Medicaid definition

Essential Health Benefits – Benefits Not Commonly Covered by Benchmark Plans (continued)

- Pediatric Dental Services
 - If services are offered, generally provided through carve-out plan
 - State can set benchmark to Federal Employees Dental and Vision program or CHIP
 - HHS proposes that ***non-medically*** necessary orthodontic benefits are not covered
- Pediatric Vision Services
 - State can set benchmark to Federal Employees Dental and Vision program (CHIP does not require vision)

Essential Health Benefits – Potential New York Benchmark Plans

- Three largest Federal Employees Health Benefits Program (FEHBP)
 - Government Employees Health Association (GEHA)
 - Blue Cross Blue Shield Basic (BCBS Basic)
 - Blue Cross Blue Shield Standard (BCBS Standard)
- Three largest New York State Employee Plans (NYSHIP)
 - Empire Plan
 - Capital District Physicians Health Plan HMO
 - Independent Health Association (IHA) HMO

Essential Health Benefits – Potential New York Benchmark Plans (continued)

- Three largest New York Commercial Small Group Products
 - Empire Prism
 - Oxford HMO
 - Oxford EPO
- Largest New York Commercial Group HMO
 - HIP Prime (part of Emblem Health)

Tasks for EHB Study

- Understanding potential overlap of benchmark plans with current State mandated benefits, both individual and small group
- Identifying which services are
 - Consistently or fully covered by all the benchmark plans
 - Covered by all plans but with varying limits, such as annual visit limits
 - Excluded by some plans but covered by others
 - Required by ACA but not covered by any benchmark plans
- Evaluating the expected cost differential between benchmark plans for the above categories

Questions?

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