ESSENTIAL HEALTH BENEFITS

Presented to the Health System Reform Task Force
By the Office of Legislative Research and General Counsel
May 17, 2012 (Modified 6/7/12)

OLRGC

Overview

- What we know about the definition of essential health benefits (EHB)
- What the U.S. Department of Health and Human Services (HHS) intends to propose
- Task Force's role
- Input to HHS

What We Know

- Secretary of HHS defines EHB
- Scope of benefits = “typical” employer plan
- Must include 10 categories
- Applies to:
  - Individual plans in/out of the exchange
  - Small employer group plans in/out of the exchange
  - Medicaid expansion population
- Doesn’t apply to:
  - Large group plans
  - Self-insured plans
  - Grandfathered plans

10 Categories

- Ambulatory patient services
- Emergency services
- Hospitalization
- Maternity and newborn care
- Mental health and substance use disorder services, including behavioral health treatment
- 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

What We Know

- No rules have been issued yet (or even proposed)!
- HHS is seeking input on a number of issues

What HHS Intends to Propose

- State chooses benchmark plan as EHB
  - the largest plan by enrollment in any of the three largest small group insurance products in the state's small group market;
  - any of the largest three state employee health benefit plans by enrollment;
  - any of the largest three national Federal Employees Health Benefits Program (FEHBP) plan options by enrollment; or
  - the largest insured commercial non-Medicaid Health Maintenance Organization (HMO) operating in the state

Benchmark Options

- Largest plan in any of the three largest small group insurance products. Three largest products:
  - Regence Innova (three PPOs by Regence BlueCross BlueShield of Utah)[1]
- Three largest state employee health benefit plans
  - Traditional
  - Star
  - Utah Basic Plus

[1]As reported by the Center for Consumer Information and Insurance Oversight, Centers for Medicare & Medicaid Services, U.S. Department of Health and Human Services, http://cciio.cms.gov/resources/files/Files2/01272012/top_three_plans_by_enrollment_508_20120125.pdf. The Utah Insurance Department has not confirmed the accuracy of this designation.

Benchmark Options

- Largest insured commercial non-Medicaid HMO
- Three largest FEHBP plans

Issuer Name	Plan Name	Network Type	2012 Plan Benefit Brochure
Blue Cross Blue Shield	Standard Option	PPO	http://www.opm.gov/insure/health/planinfo/2012/brochures/71-005.pdf
Blue Cross Blue Shield	Basic Option	PPO	http://www.opm.gov/insure/health/planinfo/2012/brochures/71-005.pdf
Government Employees Health Association (GEHA)	Standard Option	PPO	http://www.opm.gov/insure/health/planinfo/2012/brochures/71-006.pdf

Benchmark Options

- Benchmark becomes a “reference plan”, reflecting:
  - Scope of service
  - Limits
- Variation allowed within parameters
- State must supplement benchmark if category not covered by benchmark
- State pays for federal exchange subsidies attributable to state mandates not included in benchmark (mandates must be in effect by 12/31/11)

(Note: no annual/lifetime dollar limits on EHB in 2014)

Variation Allowed

- Substitutions within category
- Substitutions across categories
- Substitutions must be actuarially equivalent:
  - As defined by CHIP
  - Can include non-dollar limits equivalent to dollar limits
- Pharmaceuticals: offer at least one drug in each category or class in the benchmark; formularies may vary

Timing

- Benchmark based on 1st quarter enrollment, two years prior
- Benchmark selected 3rd quarter, two years prior (fall 2012 for 1/1/14 plans)
- Benchmark applies to 2014, 2015
- HHS will evaluate approach for 2016

Task Force's Role

- "…after considering public testimony…recommend to the [insurance] commissioner, no later than September 1, 2012, a benchmark plan for the state's essential health benefits"

Commissioner's Role

- "…based on the recommendation of the task force… and within 30 days of the… recommendation, the [insurance] commissioner shall adopt an emergency administrative rule that designates the essential health benefits…."

(EHB may "not include a state mandate if the inclusion of the state mandate would require the state to contribute to premium subsidies under the Affordable Care Act"

Potential Input to HHS

- How to address habilitative services, pediatric vision, and pediatric dental
- How to update EHB definition (affordability, access, medical evidence, market)
- Impact on Utah market
- Other