

## In the Spotlight: Health Care Reform and Essential Health Benefits

A key provision in the Affordable Care Act (ACA) is a requirement on health insurers to cover at least a basic set of uniform benefits for consumers. The ACA requires that all non-grandfathered health plans for individuals and small groups include coverage of certain standard “essential health benefits.” Large group plans and grandfathered coverage is exempt. [The underlying idea](#) behind the essential health benefits is that they are comparable to the coverage offered under a “typical employer plan.” This *In the Spotlight* will describe the essential health benefits, which were first implemented for the 2014 coverage year.

### Developing the Essential Health Benefits

In accordance with the ACA, the federal government tasked [the Institute of Medicine \(IOM\)](#) with developing the criteria and methods for the government to define an essential health benefits package. Instead of recommending specific services to be covered, IOM provided guidance on the policy principles and criteria for the federal government to take into account when reviewing the packages offered by qualified health plans. The ACA identified ten general categories of services that were identified as essential health benefits (EHB):

- 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; and
- Pediatric services, including oral and vision care.

In order to define the services included in each essential health benefit, each state selects a “benchmark plan.” Based on IOM guidance, the federal government released specific requirements for how states may establish their essential health benefits benchmark plan. States have had the option to actively select their benchmark plan from 10 options: three largest small group plans, three largest state employee plans, the three largest federal employee health plans, or the largest HMO in the state.<sup>1</sup> If states do not define their own essential health benefits benchmark plan, then the benchmark plan will be set by default. For plans offered during the 2014 through 2016 plan years, the default option was based on the largest small group plan sold the state in 2012 (based on enrollment). For 2017 and beyond, the 2014 largest small group plan

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<sup>1</sup> 45 CFR 156.100

will be the benchmark default. In North Carolina, the [benchmark plan](#) selected for 2017 is Blue Cross and Blue Shield of North Carolina's Blue Options PPO™.

In addition to providing essential health benefits, health insurers may need to revise the benefits offered to comply with other ACA requirements. For instance, benefits must comply with limitations on annual and lifetime dollar maximums. Also, insurers may need to supplement the benchmark plan to include habilitative services, certain prescription drug coverage, or to cover state mandated benefits and provide mental health parity if the benchmark plan's design is deficient in these areas.

## Levels of Coverage

The ACA outlines four levels of coverage that insurers may offer, with varying levels of cost sharing. Each level (bronze, silver, gold, and platinum) reflects the actuarial value of that plan (the total amount the plan is worth in terms of percentage of total services paid by the insurer). All individual and small group plans at every level will be required to cover the determined essential health benefits.

## BCBSNC Views

Blue Cross and Blue Shield of North Carolina believes all individuals should have access to meaningful insurance coverage. Coverage should be flexible and affordable while still providing sufficient access to needed services. We are working hard to make these products sustainable. One of our plans has served as the benchmark plan in North Carolina since 2014 and we are glad to set the standard that other insurers must meet for consumers in North Carolina.

### **For More Information:**

**Healthcare.gov Essential Benefits:** <https://www.healthcare.gov/coverage/what-marketplace-plans-cover/>

**Kaiser Family Foundation, Essential Health Benefits:** <http://kff.org/state-category/health-reform/essential-health-benefits/>

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