

In the Spotlight: Health Care Reform and Essential Health Benefits

Today, health insurance covers a wide range of benefits but exactly what is included can vary based on where someone lives and the policy they purchase. Beginning January 2014, the Affordable Care Act (ACA) will create a more uniform standard, requiring that all health insurance coverage for individuals and small groups includes certain treatments and procedures deemed “essential health benefits.” Large groups are not required to comply with the essential health benefits requirements. [The underlying idea](#) is that the “essential benefits package” be equal to the coverage offered under a “typical employer plan.” Ten general categories were identified as essential health benefits:

- 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 and chronic disease management; and
- Pediatric services, including oral and vision care.

Defining Essential Benefits

At the direction of the ACA, [the Institute of Medicine \(IOM\)](#) developed the criteria and methods that the Department of Health and Human Services (HHS) will use to evaluate and update essential benefits packages.

HHS announced in December that states would choose essential health benefits from four options:

1. one of the three largest small group plans in the state by enrollment;
2. one of the three largest state employee health plans by enrollment;
3. one of the three largest federal employee health plan options by enrollment; or
4. the largest HMO plan offered in the state’s commercial market by enrollment.

States have the flexibility to increase the level of coverage by adding more services and benefits that must be covered. This means that all plans in the individual and small group markets inside or outside of the exchanges - will provide a specific set of benefits, which, by law, will be modeled after what a typical employer currently provides today in the private sector.

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

Jonathan Gruber, an economics professor at Massachusetts Institute of Technology, has cautioned that mandating coverage that is too generous could have the opposite effect desired, meaning this could lead to more individuals being priced out of the market altogether. Blue Cross and Blue Shield of North Carolina (BCBSNC) believes all individuals should have access to affordable, meaningful insurance coverage. BCBSNC appreciates that HHS recognizes that providing state flexibility is important in their transitional strategy for the implementation of EHBs, given all of the other reform elements that need to be put into place by late summer 2013 in order to have products available for exchanges for open enrollment in 2013.

For More Information

Healthcare.gov Essential Benefits: <http://www.healthcare.gov/glossary/e/essential.html>

IOM Essential Benefits: www.iom.edu/Activities/HealthServices/EssentialHealthBenefits.aspx

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