
Actuaries' Clubs of Boston and Hartford/Springfield

Essential Health Benefits Under PPACA

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What are “Essential Health Benefits”?

From Section 1302(a) from PPACA

...the term “essential health benefits package” means, with respect to any health plan, coverage that—

- (1) provides for the essential health benefits defined by the Secretary under subsection (b);
- (2) limits cost-sharing for such coverage in accordance with subsection (c); and
- (3) subject to subsection (e), provides either the bronze, silver, gold, or platinum level of coverage described in subsection (d).

The scope of EHB is intended to mirror the benefits of a typical employer plan.

The EHB package may or may not include benefit mandates in a state.

If a state requires mandates not in the EHB package, the state will be required to pay for them.

Where does EHB Apply?

- **\$ Maximums prohibited on Essential Health Benefits**
 - Lifetime Maximums prohibited with plan years beginning on or after 9/23/2010
 - “Restricted” Annual Maximums allowed for plan years starting on or after 9/23/2010 until 2014 plan year
 - Annual Maximum prohibition doesn’t apply to Individual coverage that has been Grandfathered
 - Benefits outside of the Essential Health Benefit may still have Maximums
- **Minimum Benefit Set - Effective 2014**
- **Actuarial Value**

What is Included under EHB?

Essential Health Benefit Categories in PPACA

- 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.

Examples of Likely EHB – Or Not

Likely Essential Benefit Categories

- Preventive Services in PPACA list
- Emergency care

Likely Non-Essential Benefit Category

- Cosmetic Surgery

Likely Mixed Category – some currently covered items may be included in the EHB category and some not

- Prosthetics – possibly exclude “cosmetic” type prosthetics
- Durable Medical Equipment

Other

- Infertility Services
- Morbid Obesity Surgery

**But won't know for sure until HHS issues regulations!
Let the lobbying begin!!**

Institute of Medicine (IOM)

- The Institute of Medicine is a branch of the National Academy of Sciences and advises the nation on approaches to improve health.

Or, from the IOM website:

The IOM asks and answers the nation's most pressing questions about health and health care. Our aim is to help those in government and the private sector make informed health decisions by providing evidence upon which they can rely. Each year, more than 2,000 individuals, members, and nonmembers volunteer their time, knowledge, and expertise to advance the nation's health through the work of the IOM.

Visit <http://www.iom.edu>

IOM Recommendations

- HHS requested IOM to make certain recommendations related to the Essential Health Benefit requirement.
 - How to initially define Essential Benefits, and
 - How to keep them current.
- IOM recommendation was published on October 7, 2011.
- The Published recommendation did **not** include a definition of specific benefits to include.
- The Published recommendation **did** cover:
 - Criteria for the Aggregate Essential Health Benefits Package.
 - Criteria for Individual Components of the Package.
 - Criteria for Definitions and the Update Process.
- Scope of benefits should be based on typical Small Employers plans.
 - Base on SE premium (pre-ACA) for 2014 and index for later years.
- The report can be found at
<http://www.iom.edu/Reports/2011/Essential-Health-Benefits-Balancing-Coverage-and-Cost.aspx>

IOM Recommendations

Aggregate EHB Package Criteria



- Package should be affordable.
- Maximize the number of people with coverage.
- Protect the most vulnerable by addressing the needs of those populations.
- Encourage better health care practices.
- Advance stewardship of resources.
- Address medical concerns of greatest importance to enrollees.
- Protect against the greatest financial risks.

IOM Recommendations

Individual Component Criteria



- Be safe
 - Be medically effective
 - Demonstrate meaningful improvement in outcomes
 - Be a medical service
 - Be cost effective
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- Failing criteria could disqualify an individual component
 - But should also review resulting package as a whole against this criteria

IOM Recommendations Definition/Update Criteria



- Transparency.
- Participation by current/future enrollees.
- Equitable and consistent.
- Sensitive to value.
- Responsive to new information.
- Attentive to stewardship.
- Encouraging to innovation.
- Data-driven.