Question of the Month: What is an “essential health benefit” package, and how have states implemented this new federal requirement?

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Under the federal Affordable Care Act, all individual and small-group plans available in state health care exchanges must cover certain services, or “essential health benefits.”

States have recently crafted their EHB packages in response to a December deadline — and in order to prepare for Jan. 1, 2014, when exchanges will begin offering health plans.

According to the U.S. Department of Health and Human Services, the EHB provision of the Affordable Care Act encourages consistency among plans offered in different states and ensures access to coverage for a “core” set of services. The department estimates, for example, that 62 percent of current enrollees in individual health plans do not have maternity coverage and nearly one-fifth do not have coverage for mental-health services. Coverage for both kinds of care will be required in the newly created exchanges.

The EHB provision does not apply to “grandfathered plans,” or plans that existed before the ACA and do not have to comply with certain new regulations.

EHB packages must include 10 general categories, such as emergency services, hospitalization, maternity and newborn care, mental-health and substance-abuse services, prescription drugs, preventive care, and pediatric dental and vision care. But which services are covered within those general categories is up to states, which must strive to make benefits comparable to what a “typical” employer in the state offers.

States must choose an existing health insurance plan, or “benchmark” plan, to serve as a model for minimum coverage. Many benchmark plans, however, do not include all of the benefit categories required by the ACA. In these cases, states must identify supplemental coverage to make EHB packages complete.

Dec. 26 was the deadline to designate EHB packages; states that did not do so will default to their largest small-group insurance plan as a basis for minimum required coverage. According to Kaiser Family Foundation, half of the U.S. states designated benchmark plans while the other half defaulted to the federal government’s recommended option (see map for Midwestern states’ choices).

In the Midwest, North Dakota and Michigan were among only four states in the nation to choose the state’s largest HMO as an EHB package. Nebraska’s chosen package was not accepted by the federal government, so the state will default to the backup option.

About 68 million people are expected to have access to care covered under EHBs once the ACA is fully implemented, Kaiser reports.