

INS CONSULTANTS, INC.

Joseph C. Higgins, FSA, MAAA

INS Consultants, Inc.

419 S. 2nd Street, Suite 206

Philadelphia, PA 19147

Phone: 215-625-9877 ext. 8909

e-mail: JHiggins@insconsultants.org

Essential Health Benefits

ESSENTIAL HEALTH BENEFITS PACKAGE.

A health insurance issuer that offers health insurance coverage in the individual or small group market shall ensure that such coverage includes the essential health benefits package required under section 1302(a) of the Patient Protection and Affordable Care Act.

Benchmark Plan

- Plan of reference based on employer-sponsored coverage in the marketplace today, supplemented as necessary to ensure that plans cover each of the 10 statutory categories of EHB.
- Serves as the standard for qualified health plans inside the Exchange operating in their State and plans offered in the individual and small group markets in their State.
- Benchmark Plan defines the EHB package.

Purpose of Report

The primary purpose of this report is to assist North Dakota in its selection of a benchmark plan.

The report lists the ten benchmark plans and indicates the benefits provided by each benchmark plan including the coverage of North Dakota's mandated benefits and the optional benefits that might be considered as supplements to each plan.

Essential Health Benefit Categories

The Secretary shall define the essential health benefits, except that such benefits shall include at least the following general categories and the items and services covered within the categories:

- (1) Ambulatory patient services.
- (2) Emergency services.
- (3) Hospitalization.
- (4) Maternity and newborn care.
- (5) Mental health and substance use disorder services, including behavioral health treatment.
- (6) Prescription drugs.
- (7) Rehabilitative and habilitative services and devices.
- (8) Laboratory services.
- (9) Preventive and wellness services and chronic disease management.
- (10) Pediatric services, including oral and vision care.

Essential Health Benefits

The Secretary shall ensure that the scope of the essential health benefits is equal to the scope of benefits provided under a typical employer plan, as determined by the Secretary.

Benchmark Plan

A state must choose a single benchmark plan in the third quarter of 2012, and the services covered by the benchmark plan at that time will be the benchmark services for 2014 and 2015.

In each state, the same benchmark plan will apply to both the individual and small group markets.

A state may not pick and choose on a benefit-by-benefit basis to customize their benchmark EHBs.

Benchmark Plan

Insurance policies must cover the benefits within the ten categories in order to be certified and offered in Exchanges.

HHS intends to require that a health plan offer benefits that are substantially equal to the benchmark plan selected by the state and modified as necessary to reflect the ten coverage categories.

Benchmark Plan

The benchmark plan does not define how specific cost-sharing requirements will be applied by health plans. The EHB package is not intended to define allowed cost-sharing, some of which is mandated in other provisions of the Act.

Benchmark Plan

Note that under the Act, plans may not establish lifetime limits on the dollar value of benefits for any participant or beneficiary. Any such limits contained in the existing benchmark plan will not apply in the future.

Essential Health Benefits

On December 16, 2011, HHS released a Bulletin describing the approach it intends to take in defining EHB under the Affordable Care Act. This Bulletin provides a general outline of the process to be taken by the states in defining the EHB package. Further guidance was contained in a document discussing frequently asked questions published by HHS' Centers for Medicare and Medicaid Services.

HHS' General Goals

Bulletin outlined HHS' general goals:

- Encompass the ten categories of services identified in the Act;
- Reflect typical employer health benefit plans;
- Reflect balance among the categories;
- Account for diverse health needs across many populations;
- Ensure there are no incentives for coverage decisions, cost sharing or reimbursement rates to discriminate impermissibly against individuals because of their age, disability or expected length of life;
- Ensure compliance with the Mental Health Parity and Addiction Equity Act of 2008;
- Provide states a role in defining EHB; and
- Balance comprehensiveness and affordability for those purchasing coverage. (Already done by insurers?)

Essential Health Benefits

Several considerations influence a state's choice of an EHB benchmark plan.

- Differences in the coverage of state mandated benefits.
- Total cost of the benchmark plan compared to other options.
- Nature of covered benefits.
- Extent to which the benchmark plan would need to be supplemented to provide benefits within each EHB category.

Would benchmark plan need to be supplemented?

Initial guidance regarding Essential Health Benefits did not list any specific benefits that would be required within each of the categories of coverage.

The final rule regarding Essential Health Benefits has not been released.

The Department of Health and Human Services may or may not require coverage for specific benefits in the final rule.

Benchmark Plan Choices

States may choose a benchmark plan from one of the following four benchmark plan types for 2014 and 2015:

- 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 Plan (FEHBP) plan options by enrollment; or
- The largest insured commercial non-Medicaid Health Maintenance Organization (HMO) operating in the state.

Note there are ten possible benchmark choices among the above four plan types.

Benchmark Plan Choices

- I. Largest non-grandfathered small group insurance products in North Dakota's small group market:
 1. Medica Insurance Company. Medica Choice Passport.
 2. Blue Cross Blue Shield of North Dakota. Classic Blue.
 3. Blue Cross Blue Shield of North Dakota. CompChoice 80.

Benchmark Plan Choices

II. Largest three state employee health benefit plans by enrollment.

1. North Dakota Public Employees Retirement System (NDPERS). Health Care Coverage (grandfathered). Plans are issued by Blue Cross Blue Shield of North Dakota.
2. North Dakota Public Employees Retirement System. Health Care Coverage (non-grandfathered). Plans are issued by Blue Cross Blue Shield of North Dakota.
3. North Dakota Public Employees Retirement System. High deductible health plan. Plans are issued by Blue Cross Blue Shield of North Dakota.

Benchmark Plan Choices

III. Largest three national Federal Employees Health Benefits Plans (FEHBP).

1. Blue Cross Blue Shield Standard Option.
2. Blue Cross Blue Shield Basic Option.
3. Government Employees Health Association, Inc. Benefit Plan. Administered by the Government Employees Health Association, Inc.

Benchmark Plan Choices

IV. Largest insured commercial non-Medicaid Health Maintenance Organization (HMO) operating in the state.

1. Group Sanford Health Plan.

Key Findings

There are variations in covered benefits among the ten benchmark plans within the ten general categories.

The differences among the ten plans are indicated in Appendix E.

Key Findings

None of the ten benchmark plans cover all specific benefits within each of the ten categories as outlined in this report.

Appendix F lists for each of the ten potential benchmark plans those benefits not covered by the plan that are covered by another potential benchmark plan.

Key Findings

Generally, plans comply with North Dakota's mandated benefits with the exception of the national Federal Employees Health Benefits Plans.

Appendix B contains a discussion of North Dakota's mandated benefits.

Key Findings

If any of the three Federal Employees Health Benefits Plans are selected, they would need to be supplemented by certain benefits required by North Dakota's mandates.

This would require North Dakota to pay for the costs of these additional benefits.

Key Findings

The three Federal Employees Health Benefits Plans might be considered as plans providing benefits on a nationwide basis and to a specific subset of the U.S. population. They may not be the best representation of the specific needs of North Dakota residents.

Key Findings

Of the ten benchmark plan choices, seven are Blue Cross Blue Shield plans.

Five are issued by Blue Cross Blue Shield of North Dakota or, in the case of two Federal Employees Health Benefits Plans, are sponsored and administered by Blue Cross and Blue Shield Association.

For these seven plans there are few variations among the benefits provided by these plans (with the possible exception of the two Federal Employees Health Benefits Plans).

Key Findings

The Sanford Health HMO plan appears to provide fewer benefits than the other nine plans.

Key Findings

HHS may or may not require coverage for specific benefits in their final rule. It appears that the two small group insurance products issued by Blue Cross Blue Shield of North Dakota would require the fewest benefit additions.

Key Findings

By choosing a plan already covering significant numbers of North Dakota residents, there may be fewer problems associated with providing an adequate number of in-network primary care and specialty physicians.

Other Issues

- Coverage areas that may not be included in most North Dakota plans. Bulletin identifies habilitative services, pediatric vision and dental.
- North Dakota mandated benefits. The Act would require the state to defray the cost of those mandated benefits in excess of EHB as defined by the selected benchmark.

Other Issues (continued)

- Network adequacy - ability of plans to deliver the EHBs.
- Whether the EHB package is too rich for plan sustainability and premium affordability in the North Dakota marketplace.
- Individuals moving to and from Medicaid.
- Issues where federal guidance is unclear and may impact the final decision.
- Post 2015.

Questions?