FACT SHEET

Essential Health Benefits: The Basics

October 2012

What are "essential health benefits"?

At the end of the 2011-12 California legislative session, Governor Jerry Brown signed AB 1453 (Monning) and SB 951 (Hernandez), bills that select the benchmark plan for purposes of establishing California's set of Essential Health Benefits per the Affordable Care Act and related federal guidance. Following is more detailed information on California's new Essential Health Benefit package.

Beginning in 2014, the Affordable Care Act (ACA) requires most individual and small group health plans to offer an essential health benefits (EHBs) package. The EHBs must provide a comprehensive level of coverage that mirrors the benefits offered by a typical employer plan. The EHBs refer to covered benefits only and do not relate to cost-sharing (copays, deductibles, and coinsurance).

The EHBs must provide basic health coverage in each of ten categories:

- ambulatory care (outpatient services)
- hospitalization (inpatient services)
- emergency services
- maternity and newborn care
- mental health and substance use disorder including behavioral health treatment
- prescription drug coverage
- rehabilitative and habilitative services and devices
- laboratory services
- preventive/wellness services and chronic disease management, and pediatric services including vision and oral health

The ACA also offers federal subsidies for individuals to purchase coverage through states health insurance exchanges. These subsidies will apply toward the cost of benefits included in the EHBs but not to additional benefits that go beyond the scope of the EHBs (see "What else is covered?" below).

Which plans are required to cover the EHBs?

The EHBs will apply to non-grandfathered plans in the individual and small group markets inside and outside California's Health Benefit Exchange, non-benchmark Medicaid (Medi-Cal) plans, and the Basic Health Program (if California chooses to have one). Medicaid benchmark and benchmark-equivalent plans are required to cover the EHBs, but the state Medicaid agency will select the plan. Self-insured and large group health plans, Medicare supplement plans, specialized health care service plans, and grandfathered health plans are not required to cover the EHBs.

How are the EHBs set?

The ACA requires each state to select a benchmark plan to serve as the basis for the EHBs and to add any additional benefits not already covered by that plan. California recently passed, and the Governor signed, legislation designating the December 31, 2011, version of the Kaiser Small Group HMO 30 Health Plan as the state's benchmark plan for plan years 2014 and 2015. (Thereafter, the benchmark plan will be selected on an annual basis.)

What else are plans required to cover besides the EHBs?

The benchmark benefits required by the legislation also include coverage for certain services and items mandated by existing state law as of December 31, 2011. Under the ACA, states are required to cover the costs of any new state-mandated benefits that exceed the EHBs. That means that the federal subsidies to purchase insurance from the state's health benefit exchange only apply to benefits included in the EHBs; the state will be responsible for paying for the portion of subsidies associated with the costs of any state-mandated benefits enacted after December 31, 2011, that exceed the EHBs.

How will the EHBs affect premiums?

An expansion of benefits beginning in 2014 will impact overall health care costs, and health plans will have to adjust premiums to reflect the cost increase of covering those benefits. Many people will be eligible for federal subsidies to purchase insurance. And, at least 80 cents of every health care premium dollar will continue to go to direct medical goods and services.

So what exactly is included?

The following page provides an *overview* of some of the benefits that are included in the EHB package.

Professional Services (office visits)
- Most primary care and specialty care consultations, exams, and treatments
- Routine physical maintenance exams
- Well-child preventive exams
- Family planning counseling
- Scheduled prenatal care exams and first postpartum follow-up consultation and exam
- Eye exams
- Hearing exams
- Urgent care consultations, exams, and treatment
- Physical, occupational, and speech therapy

Ambulatory Care (outpatient services)
- Outpatient surgery and certain procedures
- Allergy injections
- Most immunizations
- Most x-rays and laboratory tests
- Certain preventive X-rays, screenings, and laboratory tests
- MRI, most CT, and PET scans
- Health education programs and counseling

Hospitalization (inpatient services)
- Room and board, surgery, anesthesia, X-rays, laboratory tests, and drugs

Emergency & Ambulance Services
- Emergency department visits
- Ambulance services

Prescription Drug Coverage
- Generic and brand-name items according to health plan formulary

Durable Medical Equipment
- Some durable medical equipment

Mental Health Services
- Inpatient psychiatric hospitalization
- Individual outpatient mental health evaluation and treatment
- Group outpatient mental health treatment

Chemical Dependency Services
- Inpatient detoxification
- Individual outpatient chemical dependency evaluation and treatment
- Group outpatient chemical dependency treatment

Home Health Services/Other
- Home health care
- Skilled Nursing Facility care
- Hospice care

State-Mandated Benefits
(as of 12/31/11)
- Medically necessary basic health care services as defined in the Knox-Keene Act
- Preventive services for children
- Prescription contraceptives
- AIDS vaccines (when available)
- HIV testing
- Diabetes education, management and treatment
- Alpha feto protein testing
- Prosthetics for laryngectomy
- Maternity hospital stay
- Breast cancer screening, diagnosis, mastectomy, reconstructive surgery
- Prostate, cervical cancer screening
- Osteoporosis diagnosis, treatment, management
- Surgical procedures for jaw bones
- Anesthesia for dental services
- Conditions attributable to "DES"
- Hospice care
- Certain cancer clinical trials
- Emergency response ambulance or ambulance transport services
- Sterilization operations or procedures
- Inpatient hospital and ambulatory maternity services
- PKU screening for newborns
- Organ transplant for HIV
- Mental health services in parity with other medical services
- Autism/behavioral health treatment

Other Benefits in the Legislation
- **Pediatric vision care** equal to that provided by the Federal Employees Dental and Vision Insurance Program vision plan with the largest national enrollment as of the first quarter of 2012
- **Pediatric dental care** equal to that provided by the dental plan available to subscribers of the Healthy Families Program 2011-12, including medically necessary orthodontic care
- Mental health including behavioral health and substance abuse disorder services will be covered in parity with benefits for other medical conditions
- **Habilitative services** will be covered in parity with rehabilitative services and refer to medically necessary health care services and devices that assist an individual in partially or fully acquiring or improving skills and functioning and that are necessary to address a health condition and needed for functioning in interaction with an individual's environment. They do not include respite care, day care, recreational care, residential treatment, social services, custodial care, or education services/vocational training.

References:
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