



## ESSENTIAL HEALTH BENEFITS: SIGNIFICANT ISSUES FOR CHILDREN

In mid-December, the U.S. Department of Health and Human Services (HHS) released a proposal outlining its approach for defining Essential Health Benefits (EHB) provided by health plans that offer coverage through the state health insurance Exchange or through small group and individual plans sold outside the Exchange.

- According to the Affordable Care Act (ACA), EHB must be substantially equal to benefits provided under a typical employer-sponsored plan, but must include 10 service categories:
  - 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,
  - prevention and wellness services and chronic disease management, and
  - pediatric services (including oral and vision care).
  
- In defining essential health benefits, the HHS Secretary must take into account the needs of diverse population segments, including women, children, persons with disabilities and others groups.
  
- For 2014 and 2015, each state may choose a benchmark plan from one of the following:
  - Any of the 3 largest small-group plans in the state (by enrollment);
  - Any of the 3 largest state employee health plans (by enrollment);
  - Any of the 3 largest federal employee health benefit programs (by enrollment); or
  - The largest insured commercial non-Medicaid HMO plan operating in the state.
  
- Benchmarks will be selected in the third quarter of 2012 and become effective January 1, 2014. If a state fails to select a benchmark, the largest small-group plan in the state will be the benchmark.

- If a state mandates benefits beyond the 10 required services, the state must cover the cost for any individuals enrolled in a qualified health plan.
  - Choosing a small-group plan in the state as the benchmark would circumvent the cost to the state (at least for 2014 and 2015), but could be insufficient to meet the needs of children with severe or complex physical or developmental conditions.
  - An appropriations rider directs the Texas Department of Insurance to analyze the cost of maintaining state mandates and the responsibility for payment of mandated benefits in the exchange. A report is due no later than 90 days after federal rules are finalized or December 31, 2012, whichever is earlier.
  - State mandates that exceed the EHB requirements could be in jeopardy.
  
- Small-group plans, as well as state and federal employee plans, cover most of the required benefits; however, coverage is limited in some categories. An analysis of the three largest small group products in each state, by the Office of the Assistant Secretary for Planning and Evaluation within HHS, reveals that:
  - 41% did not include habilitation services (even as optional coverage).
  - 40% did not include dental check-ups for children (even as optional coverage);
  - 38% did not include eye glasses for children (even as optional coverage); and
  - 19% did not provide vision screening for children (even as optional coverage).
  
- Because habilitation and pediatric oral and vision care are not routinely covered by existing plans, the benchmark plan may need to be supplemented to cover missing services. HHS discusses coverage options:
  - Habilitation services (e.g., physical therapy, occupational therapy, etc.) could be offered in similar amount, duration and scope as rehabilitative services.
  - Pediatric oral care could be selected as a supplemental benefit from either the state's CHIP plan or the largest federal employee dental plan.
  - Pediatric vision care could be provided as a supplemental benefit from the largest federal employee vision plan.

Alternatively, HHS is considering a transitional approach for these services, allowing plans to decide on coverage, subject to future evaluation.

- The Department invites public comments, submitted by January 31, 2012 to: [EssentialHealthBenefits@cms.hhs.gov](mailto:EssentialHealthBenefits@cms.hhs.gov).