



Essential Health Benefits

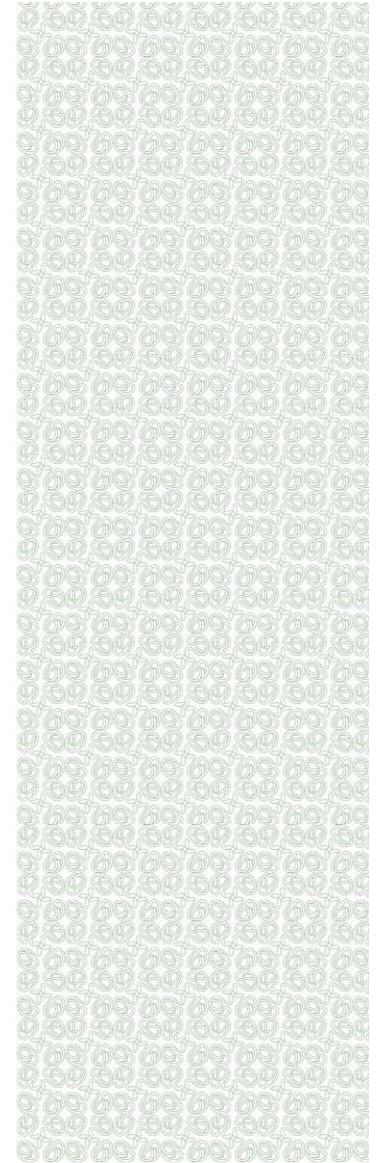
Balancing Coverage and Cost

Grantmakers in Health
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Background

- Under the Affordable Care Act (ACA), starting in 2014, individuals and small groups will begin purchasing health insurance in state-based purchasing exchanges.
- For a health plan to qualify to offer insurance in the exchanges, it must offer a package of “essential health benefits” (EHB).
- The ACA grants to the Secretary of Health and Human Services the sole authority to determine the EHB, within certain statutory requirements.
- The Secretary contracted with the Institute of Medicine (IOM) to advise her on the policy foundations, criteria, and methods for determining and updating the EHB.



ACA Statutory Requirements

• EHB shall include at least the following general categories and the items and services covered within the categories:

- Ambulatory patient services
- Emergency services
- Hospitalization
- Maternity and newborn care
- Mental health and substance abuse 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



ACA Statutory Requirements (2)

- The scope of the EHB shall be equal to the scope of benefits provided under a typical employer plan
- In defining the EHB, the Secretary shall consider the following elements:
 - Appropriate balance among the [10] categories
 - Non-discrimination against individuals because of age, disability, or expected length of life
 - Health care needs of diverse segments of the population
 - Non-limitation of emergency coverage



ACA Statutory Requirements (3)

These requirements are in addition to substantive provisions of the ACA that limit annual deductibles, annual and lifetime dollar limits on coverage, provide coverage for preventive care, and add coverage for children to age 26.



Committee's Charge

- To develop *policy foundations, criteria and methods* for defining and updating Essential Health Benefits (EHB).
- Not* to develop a specific list of categories and services for inclusion.



Approaching the Study

- Solicited public input via the web on questions relevant to EHB determination.
- Established online mailbox for the public to send other comments or materials.
- Held two public workshops with 59 speakers; published workshop summary: *Perspectives on Essential Health Benefits*.
- Conducted additional research and analysis.
- Held 4 in-person committee meetings and numerous conference calls.



Key Issues That Emerged

- Finding a balance between comprehensiveness and affordability
- Defining what “typical” should mean
- Determining what import should be given to state mandates
- Considering how specific HHS guidance should be when defining the EHB package and whether state to state variation might be allowable
- Developing criteria and methods that address calls for use of evidence, protection of patients, innovation, and fair processes



Balancing Act in Defining Benefits

Comprehensiveness

Statute

- Breadth of typical employer plan (TEP)—learn from plan documents and surveys
- Add to fulfill the 10 broad categories if missing from TEP

Select Committee Criteria

- Protect the most vulnerable
- Address medical concerns of greatest importance
- Encourage better care practices

Affordability

Statute:

- Equal in “scope” to TEP
- Subsidies, no annual and lifetime caps on EHB
- Insurers can continue to use utilization management

Select Committee Criteria

- Use average *small* employer premium as a measure of “scope” and as a budgeting tool
- Be evidence-based, medically effective, and cost effective

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Recommendation Overview

Defining the EHB:

- develop a preliminary list built on statutory requirements and IOM criteria,
- incorporate consideration of cost by reconciling list to an average premium target, considering what small employers would have paid
- reflect both science and values, and
- promote consistency in understanding through specific guidance

Learning from Implementation and Research:

- identify data and research needs at the outset,
- develop infrastructure to address research,
- support innovation through state-specific definitions, and
- appoint nonpartisan National Benefits Advisory Council (NBAC) to advise on research needs and updating of EHB.

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Recommendation Overview (continued)

Updating the EHB:

- set a goal for the EHB to become more evidence-based, specific, and value-promoting over time;
- accommodate scientific advances and lessons from implementation; and
- incorporate cost by reconciling the package to inflation-adjusted premium target.

Addressing health care spending so EHB are sustainable:

- develop strategy for controlling rates of growth in health care spending across both the public and private sectors to be in line with rate of growth in economy.



Recommendation 2a: Data for Monitoring

By January 1, 2013 the Secretary should establish a framework for obtaining and analyzing data necessary for monitoring implementation and updating of the EHB. The framework should account for:

- Changes related to providers such as payment rates, contracting mechanisms, financial incentives, scope and organization of practice;
- Changes related to patients and consumers such as demographics, health status, disease burden, problems with access;
- Changes related to health plans such as characteristics of plans (inclusions, exclusions, limitations), cost sharing practices, patterns of enrollment and disenrollment, network configuration, medical management programs, value based insurance design, and types of external appeals, risk selection, solvency, impact of the ACA-mandated limits on deductibles, copayments, out-of-pocket spending on the ability of plans to offer acceptable products.

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Recommendation 2b: Infrastructure for collection and analysis

The Secretary should establish an appropriate infrastructure for implementing this framework that engages and coordinates the efforts of all of the appropriate HHS and other federal agencies in producing and analyzing the necessary data. These data should be made easily accessible and affordable for public use.

