talking about HEALTH CARE REFORM

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The Essential Benefits Package in the House Health Reform Bill (H.R. 3200)

Health reform will ensure that all Americans have access to affordable health coverage that provides them with the care necessary to live healthy, productive lives. Currently, those who seek coverage in the private individual health insurance market often have trouble finding a health plan that meets their needs: Plans vary widely in the services they cover, and coverage for the services that people need most may be excluded from any plan they are offered. As proposed in the House health reform legislation (H.R. 3200), insurance plans will be required—for the first time ever—to cover a comprehensive package of "essential benefits." This important change is a critical part of ensuring that consumers have high-quality, affordable coverage.

What Is the Essential Benefits Package, and Why Is It Important?

The essential benefits package will become the standard for health coverage and will be used as the basis for establishing the different benefit levels of plans that will be offered in the health insurance exchange (see "How Will Benefits Packages Be Structured in the Exchange?" on page 3). In addition, all new health plans that are sold to individuals will have to cover, at a minimum, all of the health care services in the essential benefits package. Eventually, existing job-based health plans will include these essential benefits as well. This will help ensure that every health plan provides the quality of coverage and financial protections necessary to safeguard families from the devastating financial effects of illness.

At present, the quality of plans that are offered through the private individual health insurance market varies greatly from plan to plan and from state to state. Insurance companies are governed by a hodgepodge of state and federal rules, and, in many states, few requirements exist regarding what services must be offered. Insurers are free to decide which services to cover and which to exclude, leaving consumers at risk. For example, women seeking coverage in the private individual market who want maternity services may have to purchase separate maternity coverage in addition to a basic plan. A person with a common chronic condition such as diabetes may be offered a plan that excludes diabetes coverage. The quality of plans that are offered through employers also varies. If an employer decides to purchase only skimpy benefits, workers may be left with huge, uncovered medical expenses.

By establishing an essential benefits package, health reform will ensure that every plan covers a broad range of services, providing the peace of mind that comes with secure and comprehensive health coverage.

The Benefits Committee

What Is the Benefits Committee, and Who Will Be on It?

A new "benefits committee" (not profit-driven insurance companies) will establish the essential benefits package. The committee, which will be headed by the Surgeon General, will include a broad and balanced mix of stakeholders. This will include health care providers, consumer representatives, employers, labor, insurers, experts in finance and health care delivery, disparities experts, disabilities experts, and children's health experts.

The President will appoint nine members from outside the federal government and an even number (up to eight) who are federal employees. The Comptroller General will appoint nine non-federal members to the committee.

Members of the committee will serve for three years, which will allow for continual introduction of new voices on the committee and assure responsiveness and adaptability to the needs of the American public.

What Are the Responsibilities of the Benefits Committee?

The benefits committee will make recommendations regarding the package of essential benefits. For example, the health reform law will include broad classes of services that must be covered, but it is the benefits committee that will fine-tune recommendations about the specifics of what must be covered within those classes. The law will also include overall limits on cost-sharing in health plans, but the benefits committee may make recommendations about how cost-sharing might vary for particular services. The committee will also seek input from the public to ensure that the benefits offered are responsive to the broad health needs and desires of American consumers.

The initial task of the committee will be to determine standards for the essential benefits package no later than one year after the enactment of health care reform. Their recommendations will be sent to the Secretary of Health and Human Services (HHS), who will then determine if the essential benefits package meets the comprehensive standards and needs of the American public.

The House Benefits Package

The benefits package that is proposed in the House bill encompasses a comprehensive set of services, including the following:

- Hospitalization;
- Outpatient hospital and clinical services, including emergency services;
- Physician and other health professionals services;
- Medical services, equipment, and supplies incident to professional services;

- Preventive services;
- Prescription drugs;
- Rehabilitative and habilitative services;
- Mental health, substance abuse, and behavioral health services;
- Maternity care;
- Well-baby and well-child care, including oral health, vision, and hearing services, as well as medical equipment and supplies for children under 21; and
- Early and Periodic Screening, Diagnosis and Treatment (EPSDT) for children up to age 21.

  EPSDT services provide babies and children not only with screening for special health needs, but they also require treatment if any special health care needs are detected through these screenings. EPSDT ensures that vulnerable populations receive needed services and is important to preserve as part of the essential benefits package as health reform moves forward.

How Will Benefits Packages Be Structured in the Exchange?

While Congress is still working out the details of how benefits will be structured within the exchange, each proposal currently includes a range of plans, all of which must offer the essential benefits. The House bill includes three different levels of benefits: basic, enhanced, and premium. These levels will vary based on the amount that consumers have to pay out of pocket for each type of service. This will allow individuals who want a plan with greater protection from costs at the point of service (which would have higher premiums) to purchase such a plan, while allowing those who prefer to pay lower premiums but take on the risk of higher deductibles and copayments to choose such an option.

In addition, anyone who purchases any of these plans will be protected from unaffordable out-of-pocket costs. For example, under the House bill, individuals would have to pay a maximum of $5,000 out of pocket, and families would pay no more than $10,000 out of pocket, in the first year the exchange is operating.

It is currently unclear whether insurers may also be able to vary benefits within the three levels of packages in other ways that would change a person's expected out-of-pocket costs. For example, insurers could alter the scope of a covered essential benefit (i.e., alter how many times people can visit a certain type of specialist each year).

Finally, the House bill allows insurers who offer all three levels of plans to also offer a "premium-plus" plan that covers additional services that are not on the benefit committee's defined list of essential services.

What Extra Protections Will Lower-income People Receive?

People with lower incomes will receive extra help paying for health care. For example, lower- and middle-income people will receive help paying for their premiums if they purchase plans through the exchange. These subsidies will be larger for lower-income people than for higher-income people.

In addition to help with premiums, people who are eligible for subsidies will receive greater protections for other out-of-pocket costs. These protections will also be based on a sliding scale to ensure greater protection for lower-income people.

Issues to Watch

Many specific details of the essential benefits package have yet to be determined. Some will be settled as the legislation makes its way through Congress. Others will be finalized during implementation as decisions made by Congress are further refined and regulations are developed. Advocates should continue to monitor the process of reform as Congress works toward a final bill, as regulations are written, and as the new benefits committee begins to determine minimum standards of coverage. These details will help determine how well health reform actually works for American consumers.

- **Will the essential benefits package affect current state mandates?**

  All states have coverage mandates that require insurers to include certain services in the policies they sell. A provision in the House health reform proposal that Congress is considering requires the benefits committee to consider each state's mandates to ensure that coverage under health reform is comprehensive and meets the needs of residents in every state. However, as bills from both the House and Senate move forward, proposals may be considered that would either override state mandates or require states to pay the additional cost of covering state-mandated benefits that are not included in the definition of an essential benefits package.

- **What are the differences between the levels of coverage?**

  Again, while it is unclear in the House legislation, other proposals have suggested that the differences between levels of coverage may vary not only according to out-of-pocket costs, but also according to the scope of coverage of an essential benefit. This has important ramifications for how well the annual out-of-pocket spending caps will protect people. These caps apply only to covered services. So, for example, if a person is covered for only six blood tests of a certain type in a year, and she needs the test done once a month (12 times a year), she must pay for the six additional blood tests out of pocket, and the cost of these tests will not apply toward her annual out-of-pocket spending cap.

- **How will the essential benefits package address the needs of special populations?**

  Certain groups, such as children, women, and people with disabilities, have more specific needs when it comes to health coverage. In addition, under health reform, some groups (such as children) may move from their existing coverage to coverage through the exchange. Congress is considering a provision that would require the essential benefits package to specifically take into account the needs of these groups. The benefits committee will be responsible for ensuring that special populations receive the health care services they need and that benefits packages adapt to their needs in the future.

- **Will the essential benefits package, as set by the benefits committee, become a standard for Medicaid coverage?**

  Health reform legislation being considered in the Senate may change the current rules regarding what benefits are mandatory and optional in the Medicaid program. While establishing a minimum set of benefits (a benefits "floor") that states must cover is a good idea, the standard should not act as ceiling and prevent states from offering better benefits packages. Further, health reform legislation should take care not to weaken the out-of-pocket protections and cost-sharing rules in Medicaid that protect those with very low incomes. Any standards in the Medicaid program must be at least as good as the standards used for higher-income people in the exchange.

- **How will the benefits committee solicit public input and update the essential benefits package?**

  While the House legislation recognizes the need for public input and for updates to the essential benefits package, it does not address the specifics of how this will happen. Legislation in the Senate does not provide specific details as to the composition of the benefits committee and benefits package, nor does it provide any greater detail as to public input than the House bill.

- **What will private market reform look like outside of the exchange?**

  The House bill requires all insurers to eventually meet the essential benefits package requirements so that everyone has access to basic comprehensive coverage. Unfortunately, the Senate HELP bill does not extend the same protections to health plans that are offered outside the exchange. Because the Senate HELP bill does not require insurers to offer comprehensive coverage outside of the exchange, sicker people may gravitate toward plans that are offered within the exchange to obtain the quality comprehensive coverage they need at that moment, leaving healthier people to gamble and choose less comprehensive coverage outside the exchange. If the population within the exchange is generally sicker than those with coverage outside of the exchange, this would drive up costs within the exchange.

Call for Advocacy

Health reform will establish a new process for defining a national, uniform essential benefits package that health insurance plans must offer. As health reform moves forward in Congress, it is critical that advocates weigh in on the important issues regarding this process that are yet to be settled to realize the promise of high-quality, affordable coverage for all. And, once health reform implementation begins, advocates should be poised to monitor and use every opportunity to provide input to the benefits committee as it moves forward with its important task.

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