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# The Affordable Care Act and Benefit Mandates

## California Health Benefits Review Program

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# The Affordable Care Act (ACA)

- Presentation will focus on:
  - Changes coming in 2014
  - Exchanges
  - Essential health benefits (EHBs)



# The ACA: The Basics

- Many key provisions already in effect
- In 2014, health insurance expansion:
  - Optional Medicaid expansion
  - Health insurance through exchanges
- In 2014, coverage of EHBs



# CA Exchange: The Basics

- In 2014, CA will have a health benefits exchange—a health insurance marketplace for the individual and small group market
  - Covered California → California's health benefits exchange
- In 2017, may allow the large group market into the exchange
- Subsidized coverage for those between 100% and 400% FPL
- Qualified health plans (QHPs) will be certified by and sold through exchanges
  - QHPs will be DMHC-regulated plans and CDI-regulated policies



# CA Exchange: Subsidized Coverage

Income	Subsidized Coverage
100% to 250% FPL	<ul style="list-style-type: none"><li>▪ Sliding scale tax credits limit premium costs to 3-8.05% of income</li><li>▪ Sliding scale cost-sharing credits</li></ul>
251% to 400% FPL	<ul style="list-style-type: none"><li>▪ Sliding scale tax credits limit premium costs to 8.05-9.5% of income</li><li>▪ No cost sharing credits</li></ul>



# The ACA and Benefit Mandates

- There are federal benefit mandates that were in existence prior to passage of the ACA
- The ACA includes new federal benefit mandates, such as:
  - Coverage of specific preventive services without cost sharing
  - Restrictions on cost sharing for emergency services
  - Coverage of EHBs



# Essential Health Benefits

- The ACA requires coverage of EHBs for nongrandfathered plans/policies in the small group and individual market—both inside and outside a state’s exchange—in 2014
- 10 EHB categories:
  - (1) Ambulatory patient services
  - (2) Emergency services
  - (3) Hospitalization
  - (4) Maternity and newborn care
  - (5) Mental health and substance abuse services, including behavioral health treatment
  - (6) Prescription drugs
  - (7) Rehabilitation and habilitation 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 (cont'd)

- Must be equal to the scope of benefits covered under a “typical employer plan”
- Subject to specific cost sharing requirements
- States are required to defray the cost of state requirements that exceed EHBs for QHPs sold in a state’s exchange
- Required coverage of EHBs for certain Medicaid populations, including the newly eligible population



# Federal Guidance on EHBs

- EHB Bulletin—December 2011
  - Guidance on defining EHBs for 2014 and 2015
  - States can select from a specified set of benchmark plan options a benchmark plan to define EHBs in their state
  - All 10 EHB categories must be included in the benchmark plan, or must be added
  - Plans/policies must offer coverage that is “substantially equal” to the benefits in the selected benchmark plan



# Federal Guidance on EHBs (cont'd)

- Notice of Proposed Rulemaking (NPRM)—  
November 2012
  - Aligns with the Bulletin—benchmark plan for defining EHBs in 2014 and 2015
  - Proposes that:
    - State benefit mandates enacted by Dec. 31, 2011 will be included in the EHB benchmark plan
    - The exchange would be responsible for determining when a state benefit mandate exceeds EHBs, QHP issuers would be responsible for calculating the cost of a state benefit mandate that exceeds



# California EHBs: 2014-2015

- Benchmark plan option selected: “the largest plan by enrollment in any of the three largest small group insurance products in the State’s small group market”
  - Selected: Kaiser Small Group HMO 30 plan
  - Pediatric vision: Federal Employees Dental and Vision Insurance Program (FEDVIP)
  - Pediatric dental: Healthy Families Program in 2011-12 (CA CHIP program)



# California EHBs: Interaction with State Benefit Mandates

- CA state benefit mandates enacted by Dec. 31, 2011
  - included in the EHB benchmark plan
    - Existing CA state benefit mandates
    - 2011 enacted benefit mandates—ex. coverage for autism
- CA state benefit mandates enacted now that the exchange determines exceeds EHBs → could be subject to the requirement that the state defray the cost



# How a State Benefit Mandate Could Exceed EHBs: 2014 and 2015

- 1) Does the state benefit mandate require coverage in QHPs?
  - 2) Does it fit into the proposed definition of state benefit mandates that could exceed EHBs?
    - Is it specific to care, treatment, and/or services?
  - 3) Does it exceed the CA definition of EHBs?
- NPRM proposes Covered CA would make the determination



# Looking forward...

- Definition of EHBs could change after 2015
  - Benchmark plan approach to defining EHBs is for 2014 and 2015—could change thereafter
  - Inclusion of “state-required benefits” in EHBs is for 2014 and 2015—could change thereafter
- In 2016, it appears CA may have to broaden its definition of the small group market—50 or less to 100 or less
- In 2017, large group could be included in the exchange

