

Essential health benefits: Review of the state employee benchmark plans and illustration of possible variation in essential health benefits by state



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The Patient Protection and Affordable Care Act of 2010 (PPACA) introduced a concept called *essential health benefits* (EHB), 10 categories of healthcare services that plans operating in the state health insurance exchanges must cover when the exchanges come online on January 1, 2014. In December 2011, the U.S. Department of Health and Human Services (HHS) issued a bulletin providing guidance on EHB. HHS delegated to the states the responsibility for determining the essential benefits in their states—but with some constraints.¹

This initial approach by HHS will apply to plan years 2014 and 2015, and is intended to help states phase in the market reforms. It allows some flexibility for states in the initial decision about which specific services will be covered as essential, but limits the choice to what is currently covered by major plans in the state and nationally. HHS intends to revisit this approach for plan years beginning with 2016. States must define their essential benefits during the third quarter of 2012, with varying progress to date.

STATES' CHOICES—AND FEDERAL CONSTRAINTS

HHS opted to task each state with designating one *existing* health insurance plan as the benchmark defining its own EHB.

HHS specified 10 plans from which states may choose:

- Seven plans specific to each state
 - The three largest plans available to *state employees*
 - The three largest *small group* plans
 - The largest *health maintenance organization (HMO) plan* in the state
- The three largest plans offered to *federal government employees*
 - Blue Cross Blue Shield, standard option
 - Blue Cross Blue Shield, basic option
 - Blue Cross Blue Shield Government Employees Health Association (GEHA)

States are not allowed to mix and match benefits of one plan with those of another, except to ensure coverage of all 10 categories if any are missing. If a state does not select a benchmark, HHS has said that the largest small group plan in that state will be used by default.

Figure 1 on pages 3-5, identifies the seven benchmark plans specific to each state. The three largest small group plans in each state are as identified by HHS.² We are not aware of a single source for the largest HMO plan in each state, but have identified it where sources were available.

The three largest state employee plans in each state are based on Milliman research performed for this article. We utilized a large database of premium, benefit, and census data that we maintain as part of the Milliman Atlas of Public Employer Health Plans, a research project to understand trends and strategies among public employer plans. We identified the three largest state employee plans in each state. While our estimates are based on actual membership by plan in most states, a particular state may reach a different conclusion when identifying its benchmark plans. Our findings are meant to be illustrative, and should not be relied upon by individual states.

Figure 1 shows that the appearance of flexibility—a choice of 10 plans—may in fact represent a relatively narrow range of choices for states. Many states have fewer than three state employee plans. We have also found that, even in states with three state employee plans, the benefits covered are often very similar or identical across plans. The three federal plans designated as potential choices are the same for all states, and there is little variability between them. As a result,

1 HHS Center for Consumer Information and Insurance Oversight (December 16, 2011). Essential Health Benefits Bulletin. Retrieved September 9, 2012, from http://cciio.cms.gov/resources/files/Files2/12162011/essential_health_benefits_bulletin.pdf.

2 Essential Health Benefits Bulletin, *ibid*.

in many states there will essentially be six choices: the federal plan, the state employee plan, one of the three small group plans, and the largest HMO plan.

HOW MUCH STATE-TO-STATE VARIABILITY IS THERE?

Utilizing our public employer database, we analyzed coverage among the state employee plan benchmark options as a first step toward understanding the potential for variation in coverage under EHB.

Most state employee plans are fairly comprehensive, as are most of the other seven benchmark plans for most states. By *comprehensive*, we mean that most cover a broad scope of inpatient hospital, outpatient hospital, physician, and pharmacy services that represent the vast majority of the cost of a health plan. The primary differences in state employee plan benefit coverage—both between states and across plans within a state—are limited to a small number of services that comprehensive plans may or may not cover. We identified six services that are the most likely to vary:

- Artificial reproduction therapy (e.g., in vitro fertilization)
- Acupuncture
- Applied behavioral therapy for autism³
- Chiropractic care
- Adult hearing aids
- Physical and occupational therapy

Although coverage of other services varies between state employee plans, we focused on these six services because they are the most likely to produce cost differences. They generally apply to a relatively small number of plan members, but they are important to persons experiencing the disorders and can sometimes be costly.

Cost is a relevant consideration for states. PPACA requires states with laws mandating coverage of services beyond the scope of the EHB benchmark to make payments to defray this additional cost. Analyzing the potential fiscal ramifications of EHB benchmark options is therefore an important part of the process.

Figure 2 shows how the state employee plans compare in their coverage of these services.⁴ Each column represents one of the selected services, and each row a state.

Figures 3-6 illustrate the variation in coverage geographically for each of the four services with the greatest variation: acupuncture, assisted reproductive technology, applied behavioral therapy for autism, and adult hearing aids.

The other two services—physical and occupational therapy, and chiropractic—are almost universally covered by state employee health plans, although limits on these services do vary, and the limits in a particular benchmark plan will become EHB limits if that benchmark plan is selected.

Assisted reproductive technology

In 16 states, at least one of the state employee plans provide coverage for assisted reproductive technology (ART) such as in vitro fertilization. Not shown, but worth noting, is that in only two of these states does coverage vary across the largest state employee plans: states generally either cover ART across all plans or none.

Acupuncture

In 20 states, at least one of the state employee plans provides acupuncture coverage. In 13 of these states, all three of the state employee plans cover acupuncture. But in seven states, one—but not all—of the state employee plans provide coverage. Unlike ART, even within a state—and within one employer’s offerings—acupuncture coverage varies.

Applied behavioral therapy for autism

In 24 states, at least one of the state employee plans provides coverage for applied behavioral therapy for autism. An increasing number of states have introduced laws mandating coverage related to applied behavioral therapy and autism in recent years. This may therefore be one benefit where examining the coverage differences between the state mandates and benchmark options will be particularly relevant.

Chiropractic

Chiropractic is near universally covered. We included this because the extent of coverage can vary significantly, with limitations such as the allowed number of visits in a year. The data suggests, however, that some base of coverage is consistently available.

Adult hearing aids

In 23 states, at least one of the state employee plans provides coverage for adult hearing aids.

Physical and occupational therapy

Physical and occupational therapy coverage appears to be universally covered among state employee plans, but has variation in visit limits similar to that of chiropractic.

The variation in coverage of these services among state employee plans illustrates the complexity of EHB. While coverage of core services—hospitalization, doctor’s office visits, prescription drugs, etc.—is unlikely to vary significantly across states, for those noncore services not uniformly covered in the market today there may be significant variation across state lines. Moreover, the data does not suggest a clear dividing line between states with *richer* coverage and those without. Coverage patterns appear specific to the service itself. Come 2014, what noncore services are considered *essential* will depend on where you live.

³ Treatment of children with autism is generally covered in current healthcare plans, but many plans do not cover the treatment known as applied behavioral therapy.

⁴ A service is considered covered here even if there is a limitation to the benefits, e.g., a maximum of 20 visits per year.

CONCLUSIONS

Critics have argued that, by giving the states flexibility to define essential benefits, HHS has increased the implementation burden for states and potentially undermined lawmakers' intention for a national coverage standard. The other side of the argument is that this flexibility allows states to design benefits that reflect their own populations, existing state coverage mandates, and current market conditions, so as to ease the transition to PPACA's major market reforms.

Our study of one benchmark plan option available to states—the three largest state employee plans—suggests that, although coverage of core services is likely to be similar across all states, coverage of those services in the *gray area* may vary somewhat significantly, at least in the 2014-2015 transition period.

HHS has left open the question of whether a more centralized, national standard will eventually apply to EHB. In the meantime,

states have an opportunity to consider what they want their exchange plans to cover on the margins.

Limitations

This analysis is intended to be illustrative, and should not be relied upon for implementation of, or compliance with, relevant laws and regulations, as it excludes many details that would be relevant for making such determinations. In performing this analysis, we relied on publicly available documents and information. If the underlying data or information is inaccurate or incomplete, the results of our analysis may likewise be inaccurate or incomplete.

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FIGURE 1: ESSENTIAL HEALTH BENEFITS BENCHMARK PLAN OPTIONS SPECIFIC TO EACH STATE

State	State Employee Plan 1	State Employee Plan 2	State Employee Plan 3	Small Group Plan 1	Small Group Plan 2	Small Group Plan 3	HMO
AK	AlaskaCare (All Plans)	N/A	N/A	Premera BCBS Alaska Heritage Select Envoy	Premera BCBS Alaska Heritage Plus Envoy	Premera BCBS Alaska Heritage Select Health Savings Account	Unknown
AL	Bluecard PPO	N/A	N/A	BCBS of Alabama 320 Plan	BCBS of Alabama 300 Plan	BCBS of Alabama Healthy Blue	VIVA Health 90 Wellness
AR	AR Health Bronze	AR Health Silver	AR Health Gold	Arkansas BCBS PPO	QCA Health Plan PreferredChoice	HMO Partners Open Access POS	Unknown
AZ	United HealthCare EPO	AmeriBen EPO	Cigna EPO	Aetna PPO	UnitedHealthcare Choice Plus	Health Net PPO	Health Net Walmart
CA	Kaiser HMO	Blue Shield HMO	PERS Choice PPO	Kaiser Small Group HMO	Anthem Blue Cross PPO	Blue Cross of California (Anthem) PPO	Kaiser HMO
CO	Kaiser	Choice Plus	Choice Plus Definity	United Healthcare Choice Plus	Kaiser HMO	Rocky Mountain Hospital and Medical (Anthem BCBS) Lumenos	Kaiser Plan A230
CT	State BlueCare POE	State BlueCare POS	Oxford HMO Select POE	Oxford PPO Plan	Aetna HMO	Anthem BlueCare POS	Unknown
DE	Comprehensive PPO	Blue Care HMO	Aetna HMO	Coventry Point-of-Service (POS)	BCBS of Delaware Simply Blue EPO	BCBS of Delaware Blue Advantage EPO HSA	Unknown
FL	PPO (Standard)	AvMed (Standard)	CHP (Standard)	BCBS of Florida BlueOptions	UnitedHealthcare Choice Plus	Aetna HMO	Unknown
GA	United Choice Plan	United HRA - Definity Plan	Cigna HRA - Open Access Plus	BCBS of Georgia POS	Coventry Premier Plus-HCR	Aetna HMO	Unknown
HI	EUTF PPO 80/20	Kaiser Comprehensive	N/A	Hawaii Medical Service Association Preferred Provider Plan 2010	University Health Alliance 3000	Kaiser Small Group Plans	Unknown
IA	Blue Access	Program 3 Plus	Iowa Select	Wellmark Alliance Select	UnitedHealthcare Heritage POS	UnitedHealthcare Choice Plus	Unknown

Three largest state employee plans based on Milliman research on each state plan's membership by plan option. Three largest small group plans as identified by HHS. Largest HMO included where sources were available.

State	State Employee Plan 1	State Employee Plan 2	State Employee Plan 3	Small Group Plan 1	Small Group Plan 2	Small Group Plan 3	HMO
ID	PPO Plan - Preferred Blue	Traditional Plan - Master Blue	High Deductible Plan - Business Blue	Blue Cross of Idaho Preferred Blue	Regence Blue Shield of Idaho Regence Innova	PacificSource Preferred Codeduct	Unknown
IL	Quality Care Health Plan	Health Alliance HMO	HMO Illinois	BCBS of Illinois BlueAdvantage Entrepreneur PPO	UnitedHealthcare Choice Plus	BCBS of Illinois BlueEdge HSA	Blue Advantage Entrepreneur
IN	Anthem Traditional (PPO)	Anthem CHDHP 1	Anthem CHDHP 2	Anthem BCBS PPO	Anthem BCBS Lumenos	UnitedHealthcare Choice Plus	Unknown
KS	BCBS Plan A	BCBS Plan B	BCBS Plan C	BCBS of Kansas Comprehensive Major Medical - Blue Choice	BCBS of Kansas AffordaBlue - Blue Choice	UnitedHealthcare Choice Plus	Unknown
KY	Commonwealth Optimum PPO	Common Wealth Capitol Choice	Commonwealth Maximum PPO with HRA	Anthem BCBS PPO	Anthem BCBS Lumenos	UnitedHealthcare Choice Plus	Bluegrass Family Health Plan
LA	Blue Cross HMO	PPO Plan	Medical Home HMO	BCBS of Louisiana GroupCare PPO	UnitedHealthcare Choice Plus	HMO Louisiana POS	Unknown
MA	Navigator Tufts Health Plan	Harvard Pilgrim Independence	Unicare State Indemnity	BCBS of Massachusetts HMO Blue with Deductible	Harvard Pilgrim Best Buy HMO	Tufts Associated HMO Value Plan	HMO Blue \$2000 Deductible
MD	PPO 1	PPO 2	PPO 3	CareFirst BlueChoice HMO HSA Open Access	CareFirst BlueChoice HMO	GHMSI BluePreferred HSA	CareFirst HMO
ME	Anthem Blue Cross	N/A	N/A	Anthem BCBS PPO	Aetna PPO	Anthem BSBS Lumenos	Anthem HMO Maine
MI	State Health Plan PPO - Community Blue	Physicians Health Plan of Mid-Michigan	Priority Health Plan - West	BCBS of Michigan Community Blue	Priority HMO	Blue Care Network of Michigan BCN10 Product	Priority Health HMO
MN	Minnesota Advantage (Non-CDHP Options)	Minnesota Advantage CDHP	N/A	HealthPartners Small Group Product	BCBS of Minnesota CMM Non-Mandated	BCBS of Minnesota Options Blue HSA	Unknown
MO	PPO 600	PPO 300	HDHP	Health Alliance (Anthem BCBS) Blue Access Choice	UnitedHealthcare Choice Plus	BCBS of Kansas City Preferred Care Blue PPO	Unknown
MS	Select Coverage	Base Coverage	N/A	BCBS of Mississippi Network Blue	UnitedHealthcare Choice Plus	UnitedHealthcare Choice Plus	Unknown
MT	Blue Choice	New West	Traditional	BCBS of Montana Blue Dimensions	Allegiance ALH Master Policy	John Alden Life Real Choices	Unknown
NC	Standard Plan 80/20	Basic Plan 70/30	N/A	BCBS of NC Blue Options	UnitedHealthcare Choice Plus	BCBS of NC Blue Options HSA	WellPath Select
ND	PPO Plan	N/A	N/A	Medica Choice Passport	BCBS of North Dakota Classic Blue	BCBS of North Dakota CompChoice 80	Sanford Health Plan HMO
NE	BCBS Blue Choice (POS)	BCBS Wellness PPO	BlueCross BlueShield Plans Other PPO	BCBS of Nebraska Blue Pride	UnitedHealthcare Choice Plus	Coventry QHH	Coventry
NH	Anthem HMO	Anthem POS	N/A	Matthew Thornton Health Plan (Anthem BCBS) HMO Blue New England	Matthew Thornton Health Plan (Anthem BCBS) Blue	Matthew Thornton Health Plan (Anthem BCBS) Access Blue New England	HMO Blue New England
NJ	NJ Direct 15	Aetna HMO	CIGNA Healthcare	Horizon HMO	Horizon BCBS of NJ POS	Aetna HMO	Unknown

Three largest state employee plans based on Milliman research on each state plan's membership by plan option. Three largest small group plans as identified by HHS. Largest HMO included where sources were available.

State	State Employee Plan 1	State Employee Plan 2	State Employee Plan 3	Small Group Plan 1	Small Group Plan 2	Small Group Plan 3	HMO
NM	Presbyterian Health Plan	Blue Cross	Lovelace	Lovelace Classic PPO	BCBS of New Mexico BlueNet EPO	UnitedHealthcare Choice Plus	Unknown
NV	Health Plan of Nevada HMO	Hometown Healthcare HMO	HDHP	Rocky Mountain Hospital and Medical (Anthem BCBS) PPO	Aetna PPO	Health Plan of Nevada POS	Health Plan of Nevada HPN 10-0 Medical Plan HCR
NY	Empire Plan	Capital District Physicians' Health Plan	Independent Health	Oxford EPO	Oxford HMO Plan	Oxford Direct	HIP Prime
OH	Ohio Med PPO	N/A	N/A	Community (Anthem BCBS) PPO	Medical Mutual of Ohio SuperMed Plus	Community (Anthem BCBS) Lumenos	Unknown
OK	HealthChoice High	HealthChoice High Alternative	GlobalHealth Standard	BCBS of Oklahoma BlueOptions PPO	UnitedHealthcare Choice Plus	Aetna PPO	Unknown
OR	Kaiser HMO	Providence Choice	Providence Statewide	Regence BCBS of Oregon Innova	Kaiser HMO Products	PacificSource Preferred CoDeduct Value	Kaiser HMO
PA	PPO Option (All Plans Same Coverage)	HMO Option (All Plans Same Coverage)	PPO Option (All Plans Same Coverage)	Aetna Health Maintenance Organization	Highmark PPO Blue	HealthAssurance PA Group PPO	Unknown
RI	UnitedHealthCare	N/A	N/A	BCBS of Rhode Island VantageBlue	UnitedHealthcare Choice Plus	BCBS of Rhode Island BlueSolutions	Unknown
SC	State Health Plan - Standard	Blue Choice	State Health Plan - Savings	BCBS of South Carolina Business Blue Complete	BCBS of South Carolina HDHP-HSA	BlueChoice of South Carolina CarolinaADVANTAGE	Unknown
SD	300 Deductible/ Copay Plan	1,000 Deductible Plan	2,000 Deductible Plan	Wellmark Blue Select	DakotaCare Choice Group	DakotaCare Ultra Group	Unknown
TN	Cigna POS	BCBS PPO	United Healthcare HMO (East)	BCBS of Tennessee PPO	BCBS of Tennessee HDHP	UnitedHealthcare Choice Plus	UnitedHealthcare Plan of the River Valley
TX	HealthSelect of Texas	Scott & White Health Plan	Community First	BCBS of Texas BestChoice PPO	UnitedHealthcare Choice Plus	BCBS of Texas BlueEdge H S A	Unknown
UT	Advantage Care	Summit Care	The STAR Plan (Advantage)	SelectHealth Select Med Plus	Regence BCBS of Utah Innova	UnitedHealthcare Choice Plus	Unknown
VA	COVA Care	COVA Care Plus	Kaiser Permanente HMO	Anthem BCBS PPO	Optima Vantage	Anthem HealthKeepers POS	Unknown
VT	HealthGuard PPO	Safety Net	Select Care POS	Vermont Health Plan CDHP - HMO	MVP Preferred Suite HD EPO	Vermont Health PlanHMO	Unknown
WA	Uniform Medical Plan	Group Health Value	Group Health Classic	Regence BlueShield Innova	Asuris Northwest Embark	Kaiser HMO Products	Group Health HMO
WI	Dean Health Plan	Physicians Plus (Meriter & UW Health)	Humana Eastern	UnitedHealthcare Choice Plus	Compcare Health (Anthem BCBS) POS	Compare Health (Anthem BCBS) Lumenos POS	Unknown
WV	PPB Plan A	PPB Plan B	Health Plan HMO Plan A	Highmark BCBS West Virginia Super Blue Plus 2000	Coventry PPO	Highmark BCBS West Virginia Super Blue Plus 2010	Unknown
WY	PPO	HSA High Deductible	N/A	BCBS of Wyoming Blue Choice Business	BCBS of Wyoming Choice Network	Choice	Unknown

Three largest state employee plans based on Milliman research on each state plan's membership by plan option. Three largest small group plans as identified by HHS. Largest HMO included where sources were available.

Note: N/A = Not applicable

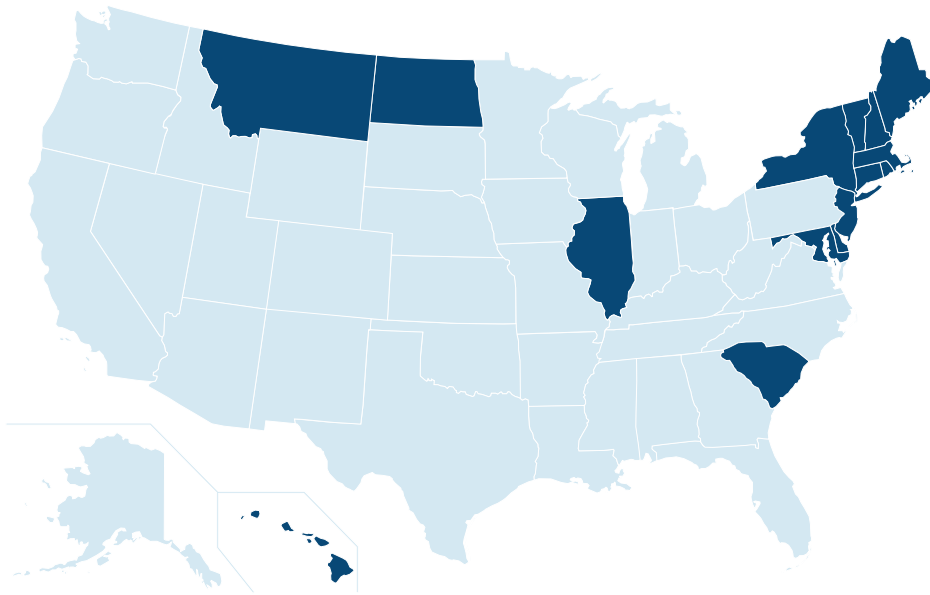
FIGURE 2: COVERAGE OF SELECT SERVICES AMONG STATE EMPLOYEE PLANS

	ART (IN VITRO, ETC.)	ACUPUNCTURE	ABA FOR AUTISM	CHIROPRACTIC	ADULT HEARING AIDS	PHYSICAL THER./OT		ART (IN VITRO, ETC.)	ACUPUNCTURE	ABA FOR AUTISM	CHIROPRACTIC	ADULT HEARING AIDS	PHYSICAL THER./OT
ALASKA							MONTANA						
ALABAMA							NORTH CAROLINA						
ARKANSAS							NORTH DAKOTA						
ARIZONA							NEBRASKA						
CALIFORNIA							NEW HAMPSHIRE						
COLORADO							NEW JERSEY						
CONNECTICUT							NEW MEXICO						
DELAWARE							NEVADA						
FLORIDA							NEW YORK						
GEORGIA							OHIO						
HAWAII							OKLAHOMA						
IOWA							OREGON						
IDAHO							PENNSYLVANIA						
ILLINOIS							RHODE ISLAND						
INDIANA							SOUTH CAROLINA						
KANSAS							SOUTH DAKOTA						
KENTUCKY							TENNESSEE						
LOUISIANA							TEXAS						
MASSACHUSETTS							UTAH						
MARYLAND							VIRGINIA						
MAINE							VERMONT						
MICHIGAN							WASHINGTON						
MINNESOTA							WISCONSIN						
MISSOURI							WEST VIRGINIA						
MISSISSIPPI							WYOMING						

Note: Coverage in the above table reflects benefits published in publicly available documents and results of telephone surveys from health plan administrators. In cases where plan documents did not specifically state that a benefit was covered and the health plan administrator was unresponsive or unable to clarify, the benefit has been described as not covered.

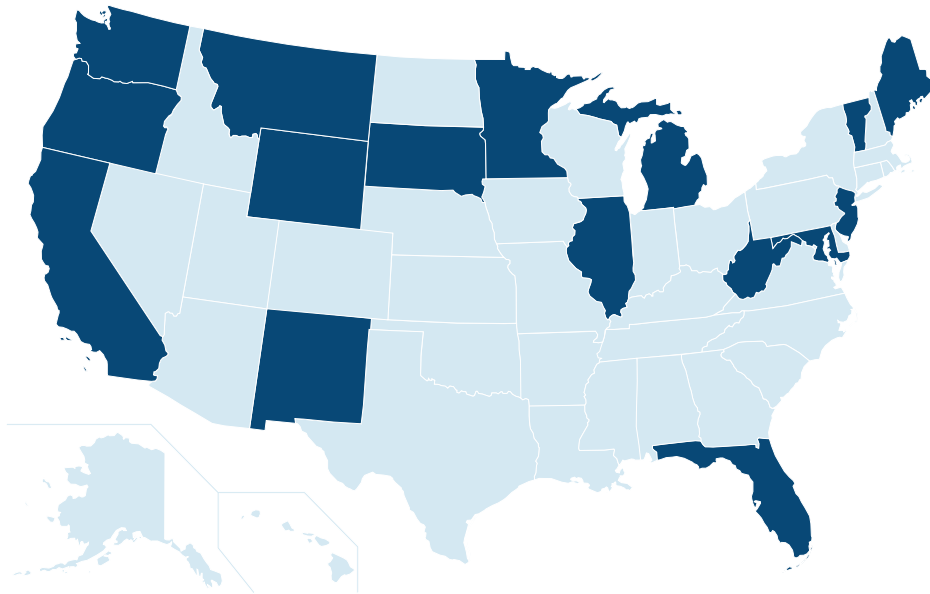
- Covered by at least one state employee plan
- Not covered by any state employee plan

FIGURE 3: ASSISTED REPRODUCTIVE TECHNOLOGY COVERAGE AMONG STATE EMPLOYEE PLANS



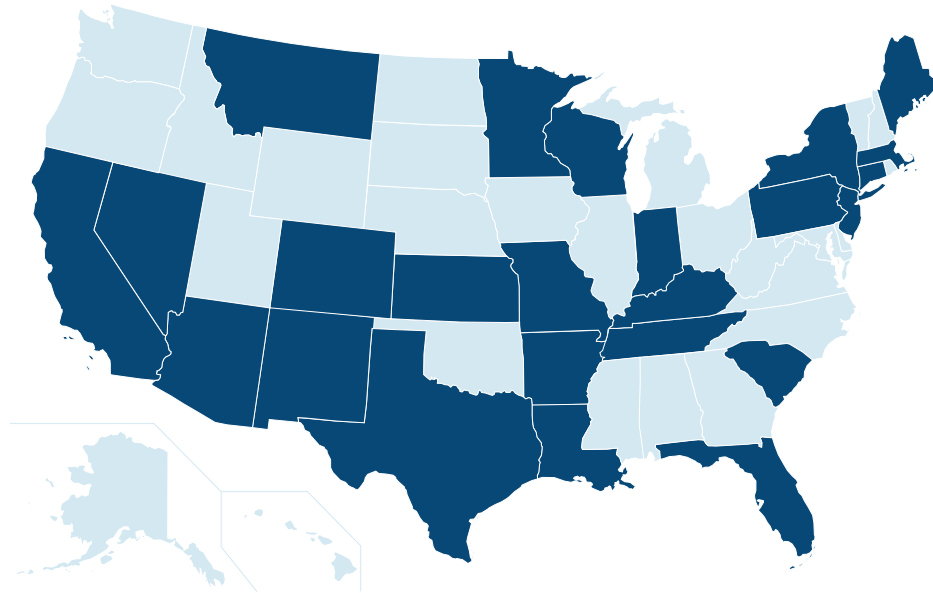
Note: Darker color indicates that at least one of the three state employee plan benchmark options covers the benefit.

FIGURE 4: ACUPUNCTURE COVERAGE AMONG STATE EMPLOYEE PLANS



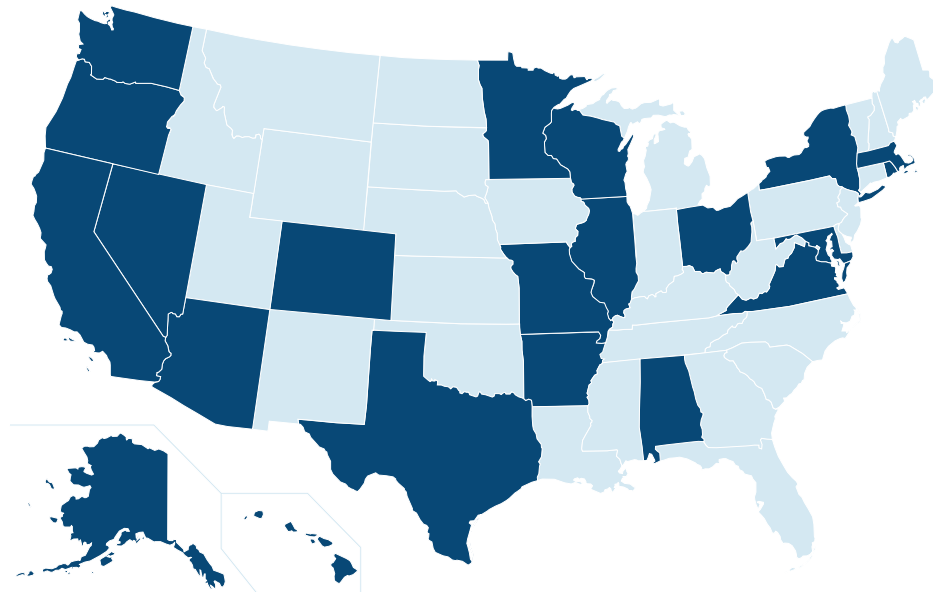
Note: Darker color indicates that at least one of the three state employee plan benchmark options covers the benefit.

FIGURE 5: APPLIED BEHAVIORAL THERAPY FOR AUTISM COVERAGE AMONG STATE EMPLOYEE PLANS



Note: Darker color indicates that at least one of the three state employee plan benchmark options covers the benefit.

FIGURE 6: ADULT HEARING AID COVERAGE AMONG STATE EMPLOYEE PLANS



Note: Darker color indicates that at least one of the three state employee plan benchmark options covers the benefit.

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