

Essential Health Benefits Provide Comprehensive Coverage Across Health Plans

Beginning in 2014, the Affordable Care Act will require all non-grandfathered individual and small business health insurance plans inside and outside of the exchanges to cover a uniform set of products and services known as essential health benefits (EHB). This provision is designed to provide a standard level of coverage to anyone who has an individual or small business health insurance plan in California or anywhere in the country and make it easier for individuals and businesses that offer employee benefits to evaluate their health insurance options. Large group and grandfathered plans are not required to cover essential health benefits.

What is Covered?

When the individual mandate in the health care reform act takes effect in 2014, the essential health benefits package will be part of all non-grandfathered individual and small business health insurance plans, and it will include products and services in the following categories:

- Ambulatory patient services
- Emergency services
- Hospitalization
- Maternity and newborn care
- Mental health and substance abuse services
- Prescription drugs. (Insurance plans must cover a minimum of one drug in each USP category and/or class.)
- Rehabilitative and habilitative services and devices
- Laboratory services
- Preventive and wellness services and chronic disease management
- Pediatric services (including oral and vision care)

Each state is responsible for determining what products and services within these categories must be covered. [Click here](#) for a complete list of those that will be covered under California law.

What Isn't Covered?

The following services are excluded from the essential health benefits package:

- Routine non-pediatric dental services
- Routine non-pediatric eye exams
- Long-term/custodial nursing home care benefits
- Non-medically necessary orthodontia

Maximum Allowable Coverage

Historically, health insurance companies have capped the amount they will pay for covered services at a specific dollar amount. However, under the EHB mandate, there will no longer be annual or lifetime maximums for the cost of essential health benefits in non-grandfathered plans. In addition, all plans must cover at least 60 percent of the costs associated with products and services included in the EHB package.

Impact of Essential Health Benefits

What does this mean for individuals and small businesses that offer employee benefits? Today, individual and small business plans do not cover many of the services included in the essential

health benefits package. It is widely believed that the cost of health insurance premiums will increase when carriers add these services to their plans beginning in 2014.

Because Californians who are not on a large group or grandfathered plan will be required to purchase one of the new health reform benefit plans, unless exempted, the essential health benefits package is expected to increase the financial burden on tens of thousands of individuals in California and millions across the country. Small businesses that offer employee benefits will also feel the effects of this provision as they share the cost of the increased premiums with their employees.

To help offset the cost of increased healthcare premiums, the government will offer subsidies to eligible individuals and small businesses. Individuals who qualify can use our health insurance subsidy calculator to determine how much assistance they can expect.