

# ASPE RESEARCH BRIEF

OFFICE OF THE ASSISTANT SECRETARY FOR PLANNING AND EVALUATION  
OFFICE OF HEALTH POLICY - U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

## ESSENTIAL HEALTH BENEFITS: COMPARING BENEFITS IN SMALL GROUP PRODUCTS AND STATE AND FEDERAL EMPLOYEE PLANS

### SUMMARY

- The Affordable Care Act identified ten categories of services and items included in essential health benefits (EHBs), and specified that the scope of EHBs must be equal to the scope of benefits provided under a typical employer plan.
- In evaluating the scope of benefits of employer plans, we found that overall, it appears that small group products and State and Federal employee plans cover similar services.
- Coverage for a few specific services, including preventive and basic dental care, acupuncture, bariatric surgery, and hearing aids appears to vary across and within markets.
- While small group products and State and Federal employee plans cover similar services in most of the ten categories of EHBs, coverage in some of the statutory EHB categories is limited, including behavioral health treatment, habilitative services, and pediatric oral and vision services.
- These results are generally consistent with other surveys of employer sponsored health coverage conducted by the Department of Labor, Mercer, and Kaiser Family Foundation/Health Research & Educational Trust (KFF/HRET).

### ABOUT THIS RESEARCH BRIEF

This paper examines benefit coverage in employer-sponsored insurance in the small group market and State and Federal employee plans. This brief was written by Laura Skopec, M.S.P.P.M., Ashley Henderson, M. P.A., Susan Todd, M.P.Aff., and Pierre L. Yong, M.D., M.P.H.

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## INTRODUCTION

- **The Affordable Care Act identified ten categories of services and items to be included in essential health benefits (EHBs), and specified that the scope of EHBs must be equal to the scope of benefits provided under a typical employer plan.**<sup>1</sup> The ten categories include: ambulatory patient services; emergency services; hospitalization; maternity and newborn care; mental health and substance use disorder services, including behavioral health treatment; prescription drugs; rehabilitative and habilitative services and devices; laboratory services; preventive and wellness services and chronic disease management; and pediatric services, including oral and vision care.

## BENEFIT COMPARISON

- **In evaluating the scope of benefits of employer plans, we found that overall, it appears that small group products and State and Federal employee plans cover similar services.** Based on publicly available State and Federal employee summary plan documents<sup>2</sup> and data from HealthCare.gov on small group products, more than 94 percent of the small group products, and all State and Federal employee plans examined appear to generally cover the following: physician and specialist office visits, inpatient and outpatient surgery, hospitalization, emergency services, maternity care, inpatient and outpatient mental health and substance use disorder services, outpatient rehabilitation services, durable medical equipment, laboratory services, imaging services (e.g., CT scans, MRIs), preventive care, and immunizations. In addition, generic and brand prescription drugs were covered by 84 percent of small group products (the remaining 16 percent of small group products offered this coverage as an optional benefit), and all State and Federal employee plans examined. These results are generally consistent with surveys of employer sponsored coverage that include large employers.
- **Coverage for a few specific services appears to vary across markets and within markets.** Some services—including preventive and basic dental care, acupuncture, bariatric surgery, and hearing aids—are covered by the Federal Employees Health Benefits Plan (FEHBP) Blue Cross Blue Shield (BCBS) Standard and Basic Options and Government Employees Health Association (GEHA) plans, but were not typically covered by small group products unless required by a State benefit mandate.<sup>3</sup> Small group plans in certain States cover in vitro fertilization and applied behavior analysis therapy for autism, as required by State mandates.<sup>4</sup> Both of these services are excluded by the FEHBP BCBS Standard Option and Basic Option plans, which are not subject to State mandates.

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<sup>1</sup> Essential health benefits requirements are specified in Section 1302 of the Affordable Care Act (42 U.S.C. 18022).

<sup>2</sup> Ten State employee plans were evaluated as well as the top three FEHBP plans by enrollment—the Blue Cross and Blue Shield (BCBS) Standard and Basic Options (summary plan booklet available at <http://www.opm.gov/insure/health/planinfo/2011/brochures/71-005.pdf>) and the Government Employees Health Association (GEHA) Standard Option (summary plan booklet available at <http://www.opm.gov/insure/health/planinfo/2011/brochures/71-006.pdf>).

<sup>3</sup> According to the Institute of Medicine's survey of small group issuers, smoking cessation medications and programs, which are covered by both BCBS and GEHA federal employee plans, were also frequently excluded by small group issuers (see <http://www.iom.edu/Reports/2011/Essential-Health-Benefits-Balancing-Coverage-and-Cost.aspx>).

<sup>4</sup> See discussion of State mandated benefits in the Institute of Medicine report available at <http://www.iom.edu/Reports/2011/Essential-Health-Benefits-Balancing-Coverage-and-Cost.aspx>.

- **While small group products and State and Federal employee plans cover similar services within most of the ten categories of EHBs, coverage in some of the statutory EHB categories is limited, including behavioral health treatment, habilitative services, and pediatric oral and vision services.**

  - The extent to which plans and products cover behavioral treatment, a component of the mental health and substance use disorder EHB category, is unclear. Behavioral health treatment (separate from mental health and substance abuse services) was not frequently mentioned in plan booklets.
  - While some issuers and products indicated that they do not cover habilitative services,<sup>5</sup> physical, occupational, and speech therapies may be available for habilitative purposes under the rehabilitative services benefit of some health plans.
  - Routine pediatric dental and vision services are not frequently covered in health products in the small group market, although many people have coverage through stand alone dental or vision plans. According to HealthCare.gov data on the benefits offered by the largest three small group products in each State, five percent of these small group products cover dental check-ups for children. Sixty percent of the small group products examined cover vision screenings for children, and eight percent cover eye glasses for children. The Federal employee plans and some State employee plans examined provide limited coverage of routine dental benefits.
  
- **These results are generally consistent with other surveys of employer-sponsored health coverage conducted by the Department of Labor, Mercer, and Kaiser Family Foundation/Health Research & Educational Trust (KFF/HRET).** The Department of Labor survey found that employees enrolled in health plans had broad coverage for medical services such as inpatient hospital services, hospital room and board, emergency room visits, ambulance service, maternity, durable medical equipment, and physical therapy.<sup>6</sup> Similarly, Mercer found employers provided widespread coverage for medical services such as durable medical equipment, outpatient facility charges, and physical, occupational, and speech therapy.<sup>7</sup> The KFF/HRET survey also found broad coverage of prescription drugs among employees with employer-sponsored coverage.

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<sup>5</sup> The National Association of Insurance Commissioners has proposed a definition of habilitative services. See [http://www.naic.org/documents/committees\\_b\\_consumer\\_information\\_ppaca\\_glossary.pdf](http://www.naic.org/documents/committees_b_consumer_information_ppaca_glossary.pdf).

<sup>6</sup> Full report available at: <http://www.bls.gov/ncs/ebs/sp/selmedbensreport.pdf>. For the services listed, no employees were enrolled in plans excluding the service, and more than two-thirds of employees were enrolled in plans that specifically cover the service. It is unclear whether employees enrolled in plans in which particular services were not mentioned have coverage for those services or not.

<sup>7</sup> Full report available at <http://ribgh.org/resources/Mercer%20Survey%20Report%20201105.pdf>

## Appendix A: Coverage of Selected Benefits in the Small Group Market and State and Federal Employee Plans

The following table shows coverage of benefit categories as they were defined and included in the Summary of Benefits and Coverage proposed by the NAIC.<sup>8</sup> This table includes data collected by HealthCare.gov for the largest three small group products in each State by enrollment, ten State employee plans, and three Federal employee plans examined by the Department of Health and Human Services. All data on small group products was collected in October 2011 for HealthCare.gov and includes only open products that successfully submitted benefits data. Data on State and Federal employee plans were collected from publicly available summary plan documents.

	Three largest small group products in each State and DC (N=153) <sup>9</sup>			State Employee Plans (N=10) <sup>10</sup>	Federal Employee Plans	
	Total % Covered (including with limits)	% Optional Coverage	% Not Covered	% Covered (if mentioned)	BCBS Standard and Basic Options	GEHA Standard Option
<b>Ambulatory Patient Services</b>						
Primary Care Visit to Treat an Injury or Illness	100%	0%	0%	100%	Yes	Yes
Specialist Visit	100%	0%	0%	100%	Yes	Yes
Other Practitioner Office Visit (Nurse, Physician Assistant)	99%	0%	1%	100%	Yes	Yes
Outpatient Surgery Physician/Surgical Services	100%	0%	0%	100%	Yes	Yes
Outpatient Facility Fee (e.g., Ambulatory Surgery Center)	100%	0%	0%	100%	Yes	Yes
Home Health Care Services	100%	0%	0%	90%	Yes	Yes
Skilled Nursing Facility	97%	0%	3%	100%	Yes <sup>11</sup>	Yes

<sup>8</sup> See [http://www.naic.org/documents/committees\\_b\\_consumer\\_information\\_hhs\\_dol\\_submission\\_1107\\_soc\\_blank.pdf](http://www.naic.org/documents/committees_b_consumer_information_hhs_dol_submission_1107_soc_blank.pdf)

<sup>9</sup> The three largest small group products by enrollment were included in this aggregation regardless of product type (PPO, HMO, etc).

<sup>10</sup> The denominator for this column is the number of plans whose summary plan document mentioned the service, not the total number of plans examined.

<sup>11</sup> The FEHBP BCBS Standard and Basic options cover skilled nursing facilities only when approved by a case manager.

	Three largest small group products in each State and DC (N=153) <sup>9</sup>			State Employee Plans (N=10) <sup>10</sup>	Federal Employee Plans	
	Total % Covered (including with limits)	% Optional Coverage	% Not Covered	% Covered (if mentioned)	BCBS Standard and Basic Options	GEHA Standard Option
<b>Emergency Services</b>						
Emergency Room Services	100%	0%	0%	100%	Yes	Yes
Emergency Transportation/Ambulance	100%	0%	0%	100%	Yes	Yes
Urgent Care Centers or Facilities	100%	0%	0%	100%	Yes	Yes
<b>Hospitalization</b>						
Inpatient Hospital Services (e.g., Hospital Stay)	100%	0%	0%	100%	Yes	Yes
Inpatient Physician and Surgical Services	100%	0%	0%	100%	Yes	Yes
<b>Maternity and Newborn Care</b>						
Prenatal and Postnatal Care	95%	5%	0%	100%	Yes	Yes
Delivery and All Inpatient Services for Maternity Care	95%	5%	0%	100%	Yes	Yes
<b>Mental Health and Substance Use Disorder Services, Including Behavioral Health Treatment</b>						
Mental/Behavioral Health Inpatient Services	95%	5%	0%	100%	Yes	Yes
Mental/Behavioral Health Outpatient Services*	95%	5%	0%	100%	Yes	Yes
Substance Abuse Disorder Inpatient Services	94%	5%	1%	100%	Yes	Yes
Substance Abuse Disorder Outpatient Services	95%	5%	0%	100%	Yes	Yes
<b>Prescription Drugs</b>						
Generic Drugs	84%	16%	0%	100%	Yes	Yes
Preferred Brand Drugs	84%	16%	0%	100%	Yes	Yes
Non-Preferred Brand Drugs	82%	16%	2%	86%	Yes	Yes

	Three largest small group products in each State and DC (N=153) <sup>9</sup>			State Employee Plans (N=10) <sup>10</sup>	Federal Employee Plans	
	Total % Covered (including with limits)	% Optional Coverage	% Not Covered	% Covered (if mentioned)	BCBS Standard and Basic Options	GEHA Standard Option
Specialty Drugs	85%	15%	0%	100%	Yes	Yes
<b>Rehabilitative and Habilitative Services and Devices</b>						
Outpatient Rehabilitation Services	100%	0%	0%	100%	Yes	Yes
Habilitation Services	59%	0%	41%	100% **	Covers PT/ST/OT for conditions such as autism	Covers PT/ST/OT for conditions such as autism
Durable Medical Equipment	99%	0%	1%	100%	Yes	Yes
<b>Laboratory Services</b>						
Diagnostic Test (X-Ray and Laboratory Tests)	99%	1%	0%	100%	Yes	Yes
Imaging (CT and PET Scans, MRIs)	100%	0%	0%	100%	Yes	Yes
<b>Preventive and Wellness Services and Chronic Disease Management</b>						
Preventive Care/Screening/Immunization	100%	0%	0%	100%	Yes	Yes
<b>Pediatric Services, Including Oral and Vision Care</b>						
Dental Check-Up for Children	5%	55%	40%	40%	Yes	Yes
Vision Screening for Children	60%	21%	19%	20%	Yes	Yes
Eye Glasses for Children	8%	54%	38%	0%	No	No

\*The denominator for the largest three products for this service is 152. A data error was found in one product so it was dropped from the analysis.

\*\*Mentioned by only two State employee plans. All other services were mentioned by five or more plans.

Abbreviations: BCBS = Blue Cross Blue Shield; CT = computed tomography; DC = District of Columbia; GEHA = Government Employees Health Association; MRI = magnetic resonance imaging; PET = positron emission tomography; PT = physical therapy; OT = occupational therapy; ST = speech therapy

**KEY:**

- % Covered (including with limits): The percent of the 153 largest small group products that reported a benefit as “covered” or “covered with limits.”
- % Optional Coverage: The percent of the 153 largest small group products that reported a benefit as “optional coverage available for additional premium.” This selection would apply if the benefit is offered as a rider, not as part of the core plan.
- % Not Covered: The percent of the 153 largest small group products that reported a benefit as “not covered.”
- % Covered (if mentioned): The percent of the 10 State employee plans examined that offer coverage of a benefit. The denominator is the number of plans that mention the benefit, not the total number of plans. All benefits were mentioned by 5 or more plans, with the exception of habilitative services.

