



UPDATED

Five Facts About the Essential Health Benefits and American Health Care Act

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On March 6, 2017, House Republicans introduced the American Health Care Act (AHCA) which proposes among other things to repeal key provisions of the Affordable Care Act (ACA) and eliminate the current financing structure of Medicaid. On [March 23rd](#) and [April 24th](#), to try to secure conservative votes to pass the legislation, amendments were made that impact the Essential Health Benefits ([EHB](#)). The latest amendment allows states to waive the EHB requirement for private health insurance plans. The EHBs were introduced by the ACA to ensure health plans cover a core set of **basic** services, such as ambulatory patient services (outpatient care), hospitalization, and prescription drugs. The EHBs serve as a minimum coverage standard, and are a critical element of the ACA. Below are five facts about the EHBs as they apply to Marketplace health plans and certain other private market plans that show why EHBs are essential to providing a base level of coverage for individuals and families.

1) The EHBs are basic services

The EHBs are ten broad benefit categories that help ensure people have access to basic health care services. The EHB categories are:

- Ambulatory patient services
- Emergency services
- Hospitalization
- Maternity and newborn care
- Mental health and substance use disorder services, including behavioral health treatment
- Prescription drugs
- Rehabilitation and habilitation services and devices
- Laboratory services
- Preventive and wellness services (including chronic disease management)
- Pediatric services, including oral and vision care

In December 2016, the Congressional Budget Office (CBO) [indicated](#) that without a minimum standard, not everyone will have health coverage that offers “financial protection against a high-cost or catastrophic medical event”. In evaluating the initial version of the AHCA, the CBO [estimated](#) that 24 million people would lose health insurance coverage. If states are allowed to waive the EHB requirement in the private market, the estimated number of people losing health coverage will most likely increase because the CBO would not count them as having coverage.

2) EHBs are defined by states and are based on a typical employer plan

The ACA requires the EHBs to be equal to the scope of benefits provided under a typical employer plan. Therefore, the benefits are based on what most people would expect health coverage to include. While the EHBs are a federal requirement, states have significant flexibility in determining the items and services that health plans in the state must cover as EHBs. States select a reference plan to define the EHBs in the state (most states have a small group plan as their reference). The benefits listed in the reference plan are considered the EHBs in the state.

3) EHBs have closed health care coverage gaps

The EHB requirement has closed health care coverage gaps that for years had left individuals underinsured. Before the ACA, consumers often did not have health coverage for services that are covered now as EHBs, such as maternity care or mental health and substance use disorder services. If states are allowed to waive the EHB requirement, individuals may not have access to these critical services, and will have to pay for them out-of-pocket, which will drive up medical debt and health-related bankruptcies.

4) EHB services like maternity care are not high cost drivers

Prior to the ACA, services like maternity care; mental health and substance use disorder services; habilitative services and devices; and pediatric oral and vision care were generally not covered by individual and small group market health plans. These benefits are now covered because they are among the EHBs. Critics of the ACA complain that

these services significantly add to the cost of health plans. Yet, Milliman released a [White Paper](#), which illustrates that these four services are a small percentage of the relative benefit costs compared to services such as ambulatory patient services (outpatient care) and hospitalizations. The Milliman paper highlights that maternity care only increases monthly premiums by \$8 to \$14, and research shows that access to prenatal care has significant implications for both maternal and child health outcomes.

5) Preventive health services are among the EHBs

Preventive care is critical for an effective health care system, both in terms of health status and cost control. Without preventive services, conditions may be more advanced when detected, and lead to unnecessary hospitalizations, costly management of acute and chronic conditions, and other cost-drivers.

CONCLUSION

If states are allowed to waive the EHB standard, health care coverage will likely be insufficient and, once again, leave many consumers facing higher costs and less access to basic health care. Consumers cannot afford, health-wise or financially, to have fewer guarantees of basic health care services.