



POLICY BRIEF: The Essential Benefit Package

The Oregon Health Fund Board has proposed an ambitious plan to improve health care in Oregon. One of the fundamentals of this plan is the inclusion of an essential benefit plan.

What is an essential benefit plan?

All health care plans offer a “benefit plan.” This is a list of covered services, enrollee out-of-pocket costs, and the providers and facilities where these services can be delivered. For example, a Blue Cross plan might allow office visits to primary care doctors who belong to its network at a member co-payment of 10%, while covering hospital care with a 20% co-payment.

The Health Fund Board Benefits Committee was asked to determine what type of coverage or benefit plan was absolutely essential for safeguarding the health of Oregonians. This benefit plan was designated the Essential Benefit Package (EBP). The EBP is a new type of benefit plan, one designed around diagnoses and treatments rather than just visits. The EBP emphasizes prevention, management of chronic disease, use of evidence-based medicine, primary care and the integrated health home. The EBP being proposed includes a defined set of health care services that is affordable and financially sustainable. Changing the current system to follow the priorities set forth in the EBP would help improve health outcomes and reduce overall healthcare costs in Oregon.

What is the Essential Benefit Plan based upon?

The EBP is based on the Oregon Health Services Commission’s Prioritized List of Health Services. The Prioritized List:

- Is a time tested tool, in use since the implementation of the Oregon Health Plan in 1994, which was developed in an open, public manner to reflect the values of Oregonians;
- Uses evidence-based medicine in determining coverage priorities;
- Prioritizes preventive care and chronic disease management highly; and
- Aims to promote population health.

What is innovative about the Essential Benefit Plan?

The EBP builds on the Prioritized List with innovative features:

- Cost sharing reflects the placement of a condition/treatment pair on the Prioritized List. The higher a medical service’s position on the Prioritized List, the lower the cost sharing. This feature allows differentiation of health care services based on levels of essentiality. For example, maternity care is the highest priority on the List, and would be available with the little or no patient cost sharing.
 - Little or no cost sharing is required for evidence-based preventive care and other value-based services, such as those shown to keep individuals with chronic illnesses from experiencing preventable acute exacerbations of their disease.
-

- In order to reduce preventable hospitalizations and emergency department visits, lower cost sharing will be assigned to care provided in an *integrated health home*. Higher patient cost sharing would be applied to care provided in specialist offices, the emergency department or hospital.
- Discretionary services that do not substantially avert downstream costs or the adverse consequences of a condition would be limited through annual maximums or other means. Discretionary services might include restorative dental care or eyeglasses. Such services are currently subject to coverage limits by many existing health plans.

What is covered in the Essential Benefit Plan?

The EBP is a comprehensive coverage package:

- All services currently covered by the Oregon Health Plan on the Prioritized List would be covered, with patient cost sharing increasing for services with lower priority on the List.
- “First dollar” coverage (with no requirement to reach a deductible) for:
 - Value-based services shown to reduce complications of disease and the overall cost of care;
 - Basic diagnostic services, and
 - Comfort care services including hospice and palliative care.
- Other diagnostic services have higher cost sharing than basic diagnostic services, with utilization further managed with evidence-based guidelines when available or prior authorization (where no guidelines exist) for services with high use, high cost, and/or high variability in utilization.
- Ancillary services, such as durable medical equipment, are covered with cost sharing based on the priority of the condition being treated

Can we afford the Essential Benefit Plan?

The EBP is affordable and financially sustainable:

- A high deductible will keep monthly premium costs down and discourage movement from private insurance into public programs.
 - An enrollee out-of-pocket maximum protects against bankruptcy in cases of catastrophic illness or injury.
 - The EBP excludes services currently not covered by the Oregon Health Plan:
 - Self-limited conditions;
 - Ineffective treatments or treatments that have little impact on health;
 - Cosmetic services;
 - Infertility services; and
 - Experimental treatments.
 - Patient cost sharing will be lower in an integrated health home setting and higher in an Emergency Room or inpatient hospital setting in order to provide incentives for the timely use of primary care when appropriate.
 - Elective or discretionary services will have higher patient cost sharing.
-

How would the Essential Benefit Package work with other health care plans?

- **The EBP and current OHP coverage.** The EBP benefit level would not impact individuals currently receiving OHP Plus benefits. The OHP Plus benefits should be offered to all pregnant women and children under 200% of the federal poverty level (FPL) and to adults up to 100% FPL who would qualify under the current OHP rules. The EBP, with affordable cost sharing included, would apply to future expansion populations with moderate incomes.
- **The EBP and private insurance coverage.** The private market would not be discouraged from offering plans that are more comprehensive than the EBP, in order to provide greater consumer choice for those who can afford higher premiums. For example, insurers can offer plans with all services covered at the lowest level of cost sharing in the EBP (proposed at 20% cost sharing for the first tier of services on the Prioritized List).

Over time, the EBP would apply to insurance purchased through the health insurance exchange proposed by the Oregon Health Fund Board, ensuring that all individual market insurance purchasers would have access to an essential set of benefits. All insurance sold to individual (non-group) market purchasers would at least meet this standard, and people would have the option to purchase more comprehensive coverage if desired.

Additional Resources

The Oregon Health Fund Board Benefits Committee recommendations for the Essential Benefit Package can be found at <http://www.oregon.gov/OHPPR/HFB/docs/BenefitCommitteeFinal.pdf>