



North Carolina
State Health Plan
FOR TEACHERS AND STATE EMPLOYEES



Additional 2014 Coverage Changes– Essential Health Benefits

Board of Trustees Meeting

September 27, 2013

A Division of the Department of State Treasurer

Statutory Authority

Pursuant to NCGS §135-48.30 the State Treasurer sets benefits subject to the approval of the Board of Trustees.

Compliance Review Concerns

- Discussion initiated at July 2013 Board Meeting
- Essential Health Benefits
 - Cranial Bands - \$600 lifetime limit
 - Hearing Aids - \$2,500 per ear, per 3 year period, up to age 22
 - Infertility and Sexual Dysfunction - \$5,000 lifetime limit

Essential Health Benefits

- Essential Health Benefits (EHB)– The Affordable Care Act ensures that health plans offered in the individual and small group markets offer a comprehensive package of items and services.
- There are 10 categories of services that have been established as comprising EHB:
 - 1) ambulatory patient services;
 - 2) emergency services;
 - 3) hospitalization;
 - 4) maternity and newborn care;
 - 5) mental health and substance use disorder services, including behavioral health treatment;
 - 6) prescription drugs;
 - 7) rehabilitative and habilitative services and devices;
 - 8) laboratory services;
 - 9) preventive and wellness services and chronic disease management; and
 - 10) pediatric services, including oral and vision care.

Essential Health Benefits

- For 2014 and 2015, USDHHS has defined EHB by reference to a “benchmark plan” that each state will select.
- The benchmark plan for North Carolina is the BCBSNC Blue Options PPO Plan. However, as a self-funded benefit plan, SHP may choose any benchmark plan to follow.
- Note: Large employer plans (e.g. NC State Health Plan) are not required to cover EHB; however, for any EHB covered by their plan, the large employer cannot impose annual or lifetime dollar limits. However, actuarially equivalent treatment or service limits may be applied.

Essential Health Benefits – Coverage Comparison

Current Coverage

- Cranial Bands – \$600 lifetime limit
- Hearing Aids - \$2,500 limit per ear per 3 year period, up to age 22
- Infertility and Sexual Dysfunction - \$5,000 lifetime limit

Proposed Compliant Coverage

- Cranial Bands – quantity limit of one per lifetime
- Hearing Aids – quantity limit of one hearing aid per hearing impaired ear every 3 years, up to age 22
 - Reimbursement can be limited to the usual, customary, and reasonable amount (UCR), but members may be balanced billed
- Remove combined lifetime dollar limit for Infertility and Sexual Dysfunction:
 - Establish an Infertility lifetime quantity limit of three ovulation induction cycles and associated services
 - Unlimited coverage for sexual dysfunction

Cost of Compliance – Essential Health Benefits

Proposed Compliant Coverage

- Cranial Bands
- Hearing Aids
- Infertility
- Sexual Dysfunction

Estimated Additional Annual Cost

	\$54,667
	\$240,878
	\$2,290,950
	<u>\$88,000</u>
Total:	\$2,674,495

Options – Essential Health Benefits

Options:

- Change coverage as proposed (page 6) to eliminate dollar limits on EHB
- Eliminate or drop current coverage – this would result in loss of Grandfather status for the 70/30 and 80/20 plans
- Choose a benchmark plan that does not include coverage for some or all of the services listed

Recommendation – Essential Health Benefits

Plan staff recommends the Board of Trustees approve the proposed coverage changes (page 6) eliminating dollar limits on EHB, effective January 2014.