



HEALTH CARE REFORM – SPECIAL EDITION

Essential Health Benefits: HHS Announces the Three Largest Small Group Products by State

LEGISLATIVE BRIEF

July 17, 2012

Background

In December 2011, the U.S. Department of Health and Human Services (HHS) issued guidance on the definition of “Essential Health Benefits” (EHBs) under Health Care Reform. Rather than define EHBs, HHS announced that each state may define EHBs themselves by selecting a benchmark plan to serve as a reference point, and thereafter all affected plans in that state (both within and outside the state Insurance Exchange) must offer benefits that are “substantially equal” to the state selected benchmark plan. The benchmark plan may be chosen from one of the following:

- One of the three largest small group plans in the state by enrollment;
- One of the three largest state employee health plans by enrollment;
- One of the three largest federal employee health plan options (FEHBP) by enrollment;
- The largest HMO plan offered in the state’s commercial market by enrollment.

The default benchmark plan, if a state chooses not to select a benchmark, will be the small group plan with the largest enrollment in the state.

New Guidance

On July 3, 2012, HHS provided a list of the largest three small group products in each State to facilitate State selection of a benchmark plan option and provide other stakeholders with additional information about the small group products in each State.

The information provided is based on March 31, 2012 enrollment data collected quarterly by HHS from issuers of individual and small group major medical insurance on their products. HHS also provided lists of the three largest nationally available FEHBP plans, and the single largest Federal FEDVIP dental and vision plans respectively.

Next Steps for Plan Sponsors

No action is required of plan sponsors at this time, but all employer plans ultimately will be affected by how essential health benefits are defined and by what their state selects as its benchmark plan. It is really the health insurance companies that must ensure their individual and small group policies are “substantially equal” to the applicable state benchmark plans. Small employers will be directly affected, since they purchase such policies. Large employers also will be affected because their employees will likely compare their benefits to those available in the state Exchange. Also, as of 2017 states can opt to allow large employers to purchase coverage through the Exchange, so large employers who do so will be directly subject to the EHB requirements.

Three Largest Small Group Products for Selected States

St&Rank/Product ID	Issuer Name	Product Name	Network Type
AZ 1 84251AZ001	Aetna Life Insurance Company	Aetna Preferred Provider Organization	PPO
AZ 2 82011AZ001	UnitedHealthcare Insurance Company	Choice Plus	POS
AZ 3 51485AZ002	Health Net Life Insurance Company	PPO	PPO
CA 1 40513CA035	Kaiser Foundation Health Plan, Inc.	Small Group HMO	HMO
CA 2 48962CA106	Anthem BC Life & Health Co (Anthem BC)	PPO	PPO
CA 3 27603CA101	Blue Cross of California (Anthem BC)	PPO	PPO
NV 1 33670NV087	Rocky Mountain Hos & Med Svc (Anthem BCBS)	PPO	PPO
NV 2 27990NV002	Aetna Life Insurance Company	Aetna Preferred Provider Organization	PPO
NV 3 95865NV002	Health Plan of Nevada, Inc.	POS	POS
UT 1 68781UT005	SelectHealth	Select Med Plus	POS
UT 2 22013UT065	Regence BlueCross BlueShield of Utah	Regence Innova	PPO
UT 3 97462UT001	UnitedHealthcare Insurance Company	Choice Plus	POS

© 2012 Leavitt Benefits. All Rights Reserved. Reprint with permission only. This Benefits Compliance bulletin is general in nature and is not intended or provided as legal advice or opinion in any particular case. If you have questions, contact Lisa-Klinger@Leavitt.com.

IRS Circular 230 disclosure: To ensure compliance with requirements imposed by the IRS, we inform you that any tax advice contained in this communication, unless expressly stated otherwise, was not intended or written to be used, and cannot be used, for the purpose of (i) avoiding tax-related penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending to another party any tax-related matter(s) addressed herein.