

### **Essential Health Benefits Protect Consumers from Junk Insurance, Guarantee Crucial Coverage**

Prior to the ACA, it was a struggle for many consumers to purchase a health insurance policy that provided comprehensive coverage for the care they needed. Insurance products available on the individual and small group markets frequently fell short of and paled in comparison to insurance offered to employees of large companies. The ACA sought to level the playing field by requiring plans to cover ten categories of *Essential Health Benefits* (EHBs), equal to those in a typical employer plan.<sup>i</sup>

The EHB categories represent a commitment to making healthcare accessible and affordable for all consumers. Any actions that reverse that commitment will harm consumers, as it would mark the return of junk insurance to the market. Consumers could find themselves unable to afford insurance that covers the care they know they need, and underinsured for care they did not realize they would need.

Maintaining EHB requirements is a reflection of the principle that, as a nation and for the public good, we are all in it together—ensuring a baseline of medical and financial security for Americans.

#### **Dropping EHB standards would increase the likelihood that consumers will be unable to afford coverage for health conditions they know they have**

- If consumers can save money by opting out of insurance benefits they do not believe they need, the costs of plans with those benefits will go up for those who need them.<sup>ii</sup>
- Men, and some women, will likely opt out of maternity coverage, bumping up the costs of comprehensive policies for women. Additionally, the fact that the most expensive part of maternity care—labor and delivery—comes at the end of pregnancy may encourage adverse selection, with women switching to plans that include maternity care only when they absolutely need the coverage.<sup>iii</sup>
- People without chronic health conditions may opt out of plans that have pharmacy coverage, causing costs for the remaining pool to spiral upwards.<sup>iv</sup> Consumers with chronic conditions who cannot afford plans with robust prescription benefits may have difficulty affording their medications, resulting in substantially higher cost hospitalization and other medical interventions.<sup>v</sup>
- Eliminating mental health and substance abuse disorder services from benefit requirements would drastically narrow risk pooling for these services, leading to a precipitous drop in access to and use of these services.<sup>vi</sup> This would have a devastating effect on the millions of Americans struggling with addictions such as opioid overuse.

#### **Dropping EHB standards would encourage consumers to purchase inadequate coverage**

- It would be a major threat to consumers' health and financial security to lose the ACA's guarantee of categories of coverage, especially since many health conditions arise unexpectedly.
- If insurers are permitted to sell products that skimp on costly care, presumably in exchange for cheaper premiums, many consumers could find themselves uninsured for conditions they did not anticipate.

- 51% of pregnancies in North America were unintended in 2012;<sup>vii</sup>
- 20.5 million Americans 12 or older had a substance use disorder in 2015. Of them, 2 million had a substance use disorder involving prescription pain relievers and 591,000 had a substance use disorder involving heroin;<sup>viii</sup>
- Roughly 43 million Americans, 17.9% of U.S. adults, has a diagnosable mental health disorder.<sup>ix</sup> About 20 percent of adolescents (ages 13-18) have or have had a serious debilitating mental health disorder.<sup>x</sup>

### **EHBs were created to protect consumers from “junk insurance,” which was frequently sold on the individual market prior to the ACA**

Pre-ACA, more than half of consumers enrolled through the individual market had plans considered “junk insurance,” and which would not meet coverage requirements under the ACA.<sup>xi</sup> On the eve of the ACA, millions of consumers enrolled in insurance products in the individual market that failed to cover many common health conditions, for example:

- 62 percent of enrollees did not have coverage for maternity services;<sup>xii</sup>
- 34 percent of enrollees did not have coverage for substance abuse services;<sup>xiii</sup>
- 18 percent of enrollees did not have coverage for mental health services;<sup>xiv</sup>
- Twenty percent of adults with individual market health insurance products lacked coverage for prescription medicines, compared to only 5 percent of those with employer coverage;<sup>xv</sup>
- Nearly one-in-seven American children struggled with some level of developmental disability and condition, such as autism spectrum disorder, who could benefit from habilitative services to allow them to perform basic life functions. However “coverage of habilitative services, whether for children or adults, was effectively confined to the Medicaid program.”<sup>xvi</sup>

### **Weakening EHB standards would create winners and losers among consumers**

- Making the EHB categories optional for the states would create a patchwork of consumer protections, with consumers in some states having guaranteed access to much-needed care, while consumers in other states would be left to the whims of whatever benefits structure wins in their state’s market.
- Standardizing basic categories of EHBs made comparing health insurance easier for consumers. If these categories become optional or uneven across the states, consumers will undoubtedly have a much tougher shopping experience. They also may be misled into purchasing coverage that falls short of their needs.
- If insurance plans are separately granted the ability to freely sell insurance across state lines, residents of states with more robust EHB requirements will find themselves bound to lower standards set by other states if they purchase what turns out to be an out-of-state policy.<sup>xvii, xviii</sup>

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<sup>i</sup> Essential Health Benefits are set by the Affordable Care Act, Section 1302(b)(1). They are: 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; pediatric services (including oral and vision care).

<sup>ii</sup> Urban Institute, *Instead of ACA Repeal and Replace, Fix It*, January 2017.

<sup>iii</sup> AIS Health, *Health Plan Week*, March 6, 2017.

<sup>iv</sup> Health Affairs, *The Future of Essential Health Benefits*, February 14, 2017. See also: AIS Health, *Health Plan Week*, March 6, 2017.

<sup>v</sup> Urban Institute, *Instead of ACA Repeal and Replace, Fix It*, January 2017.

<sup>vi</sup> *Id.*

<sup>vii</sup> Stud Fam Plann. 2014 Sep; 45(3): 301–314 (Table 3).

<sup>viii</sup> American Association of Addiction Medicine, *Opioid Addiction 2016 Facts & Figures*, 2016. Citing Center for Behavioral Health Statistics and Quality. (2016). Key substance use and mental health indicators in the United States: Results from the 2015 National Survey on Drug Use and Health (HHS Publication No. SMA 16-4984, NSDUH Series H-51).

<sup>ix</sup> National Institute of Mental Health, *Any Mental Illness (AMI) Among U.S. Adults*, 2015.

<sup>x</sup> National Institute of Mental Health, *Any Disorder Among Children*, 2015.

<sup>xi</sup> The Commonwealth Fund, *Eliminating Essential Health Benefits Will Shift Financial Risk Back to Consumers*, March 15, 2017.

<sup>xii</sup> U.S Department of Health & Human Services, ASPE Issue Brief, *Essential Health Benefits: Individual Market Coverage*, December 16, 2011.

<sup>xiii</sup> *Id.*

<sup>xiv</sup> *Id.*

<sup>xv</sup> The Commonwealth Fund, *Failure to Protect: Why the Individual Insurance Market is Not a Viable Option for Most U.S. Families*, July 2009.

<sup>xvi</sup> The George Washington University Health Sciences Research Commons, *Habilitative Services Coverage for Children Under the Essential Health Benefit Provisions of the Affordable Care Act*, 2013.

<sup>xvii</sup> AIS Health, *Health Plan Week*, March 6, 2017.

<sup>xviii</sup> For more on the problems with sale across state lines, see <https://consumersunion.org/research/healthcare-sales-across-state-lines-fact-sheet/>