

The Cost of Comprehensive Health Benefits

*An addendum to the November 2012 eHealth, Inc. report,
'The Cost and Benefits of Individual & Family Health Insurance'*

Introduction

The purpose of this addendum to eHealth, Inc.'s November 2012 'Cost and Benefits of Individual & Family Health Insurance Plans' report is to examine how the presence of selected benefits – benefits deemed essential components of a comprehensive health plan by eHealth, Inc. - "affects the overall average cost of consumer-purchased individual and family health insurance premiums, and to compare these with average individual and family health insurance premiums nationwide.

Since 2005, eHealth's 'Cost and Benefits' report has tracked the percentage of plans surveyed that cover eight health of these comprehensive benefits, including: *Laboratory and X-Ray; Emergency Services; Prescription Drugs; Chiropractic; Maternity; OB/GYN; Periodic Exams; and Well Baby care*. This new addendum report looks at the cost of just those plans surveyed that cover all eight benefits: approximately 30,000 individual plans purchased across 32 states through eHealthInsurance.com, with coverage active in February of 2012.

By contrast, in 2010, the Affordable Care Act (ACA) created a new list of ten Essential Health Benefits (EHBs) that all major medical health insurance plans must cover with an actuarial value of 60% or more in order to fulfill the federal mandate for health coverage, beginning in January of 2014. Those EHBs include: *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; and pediatric services, including oral and vision care*.

The data presented in this report provides valuable insight into the cost of health insurance plans for advocacy groups and consumers working on important health issues related to the Affordable Care Act. It does not provide an 'apples to apples' comparison of plans that cover the essential health benefits established in the Affordable Care Act, but may offer some insight into the potential impact that new benefits standards could have on the cost of health insurance plans sold in the individual health insurance market.

Costs of Plans Meeting New Benefit Standards

- **Average Individual Premium: \$279** - Monthly premiums for the individual plans surveyed were forty-seven percent (47%) higher when a plan covered all eight benefits tracked in eHealth's Cost and Benefits report (\$279 vs. \$190)
- **Average Family Premium: \$605** - Monthly premiums for the family plans surveyed were also forty-seven percent (47%) higher when a plan covered all of the benefits tracked in eHealth's Cost and Benefits report (\$605 vs. \$412)
- **Average Individual Deductible: \$2,257** - Annual deductibles for individuals were twenty seven percent (27%) lower when a plan covered all of the benefits tracked in eHealth's Cost and Benefits report (\$2,257 vs. \$3,079)
- **Average Family Deductible: \$3,422** - Annual deductibles for families were sixteen percent (16%) lower when a plan covered all of the benefits tracked in eHealth's Cost and Benefits report (\$3,422 vs. \$4,079)

Comparison of eHealth's Cost and Benefits Report and Cost of Comprehensive Health Benefits Report							
2012 Cost and Benefits Report				2013 Cost of Comprehensive Health Benefits Report			
Plan Benefits	% of Plans Surveyed Covering these Benefits	Individual Plans	Family Plans	Plan Benefits	% of Plans Surveyed Covering these Benefits	Individual Plans	Family Plans
Laboratory and X-Ray	99.2%	Average Premium:	Average Premium:	Laboratory and X-Ray	100%	Average Premium:	Average Premium:
Emergency Services	99.7%	\$190	\$412	Emergency Services		\$279	\$605
Prescription Drugs	88.1%			Prescription Drugs			
Chiropractic	70.9%			Chiropractic			
Maternity	18.9%			Maternity			
OB/GYN	90.5%	Average Deductible:	Average Deductible:	OB/GYN		Average Deductible:	Average Deductible:
Periodic Exam	88%	\$3,079	\$4,079	Periodic Exam		\$2,257	\$3,422
Well Baby	87.1%			Well Baby			

Age Ratings & the Cost of Comprehensive Benefits

In the health insurance market today, age plays an important factor in the monthly premium paid by a health insurance policyholder. Younger persons tend to pay lower monthly premiums than older persons.

Age rating may continue to play a factor in determining premiums costs for applicants after the final implementation of health reform in 2014.

The table below presents average premiums for individual health insurance plans, based on age, for only those plans providing the comprehensive benefits identified in eHealth's 'Costs and Benefits' report.

Prices for Average Individual Health Plans with Comprehensive Health Benefits		
Age Group	Average Individual Plan Premiums	Average Individual Deductibles
>18	\$146	\$2,066
18-24	\$194	\$2,192
25-34	\$282	\$2,410
35-44	\$422	\$2,675
45-54	\$522	\$2,869
55-64	\$588	\$3,194

Methodology and Notes

Comparisons of average premium costs for plans with comprehensive health benefits in the report were derived from a sample of more than 30,000 individual major medical policies purchased through eHealthInsurance with coverage in effect in February 2012. In most of the states used in this analysis it is possible for applicants to be declined coverage for individual health insurance coverage based on an insurer's review of their medical history.

The data presented in this report does not reflect the impact that new Essential Health Benefit (EHB) standards will have on plan prices nor does it take into account other factors that may impact the cost of health insurance in 2014. Not only do some of the benefits differ and overlap, but chiropractic care is not deemed to be an EHB by the ACA. There are also other important changes that go into effect next year that could impact plan prices, including these:

- 1. The mandate to have health coverage** - The requirement that all Americans – including the youngest and healthiest among us – purchase health insurance does not go into effect until 2014. Today, roughly forty percent (40%) of adults between the ages of 18 and 34 are uninsured, yet they make up less than a quarter (24%) of the total population, according to the Department of Health and Human Services. The individual mandate, requiring many people without employer-based coverage to buy health insurance on their own or face a tax penalty, could push more young, healthy, Americans into the risk pool, which may help to lower prices.
- 2. Annual coverage limits** - Beginning in 2014, Qualified Health Plans cannot place annual dollar limits on the coverage of essential health benefits.
- 3. Guaranteed issue** - This is a requirement in the Affordable Care Act that no citizen who applies for a health insurance policy in the individual and family health insurance market can have their application for health insurance declined because they have a pre-existing medical condition.
- 4. Community rating** - The Affordable Care Act requires that health insurance plans can only vary rates – what they charge for a plan - based on the applicants age, where they live, family size, and tobacco use. Price increases relating to these factors are limited to a 3 to 1 ratio for non tobacco users. Tobacco users can be charged up to fifty percent more (a 1.5 to 1 ratio).

For more information about report methodology, please refer to the most recent edition of eHealth's 'Cost and Benefits of Individual & Family Health Insurance Plans' report, published in November 2012 (available at news.ehealthinsurance.com).

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