

Ban on Lifetime and Annual Limits for Essential Health Benefits

Important: Please be sure to pass this information along to your employees.

The ban on lifetime and annual limits:

Under the federal healthcare reform law, health plans are no longer allowed to impose lifetime or annual dollar limits on “essential health benefits.” The federal ban on these limits took effect for any health plan that began or renewed on or after September 23, 2010.*

The majority of Blue Cross & Blue Shield of Rhode Island (BCBSRI) plans do not have lifetime and annual limits. This reform provision impacts only a small number of plans. To comply with the new law, BCBSRI has removed these limits, including the lifetime limit for the following plan:

- BlueCHiP for Healthy Options and Classic: Lifetime limits have been removed for the basic level of benefits.

BCBSRI will also notify members who have reached the lifetime limit on their plan that they may re-enroll, provided they are still eligible for coverage. This notice must be provided no later than the first day of the plan year, and members must be given 30 days to re-enroll.

Annual limits ban:

The ban on annual limits on essential health benefits will be phased in over three years under the new law, with a full ban taking effect January 1, 2014. The three-year phased approach allows a plan to set annual limits on the dollar value of essential health benefits so long as that limit is not less than:

- \$750,000 for plan years beginning on or after September 23, 2010, but before Sep. 23, 2011
- \$1.25 million for plan years beginning on or after September 23, 2011, but before Sep. 23, 2012
- \$2 million for plan years beginning on or after September 23, 2012, but before Jan. 1, 2014

Essential Health Benefits

The new law identifies essential health benefits as follows:

- 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

These broad categories of benefits have not been defined in detail by HHS at this time.

Permissible Limits

Annual limits can be applied to non-essential benefits. BCBSRI covers several services that, in accordance with Rhode Island law, are subject to annual dollar limits. These do not appear to fall within the definition of essential health benefits under PPACA. These limits will continue until additional guidance is issued.

- Early intervention services (EIS) up to \$5,000 per child per year through age 3.
EIS coverage provides coverage for educational, developmental, health, and social services provided to children from birth to 36 months. Such services may include speech therapy, physical therapy, case management, and nutrition services.
- Hearing aid services up to \$1,500 per ear every three years for members under 19 years old and \$700 per ear every three years for members 19 and older.
- Hair prosthetics (wigs) up to \$350 per year for hair loss suffered as a result of cancer treatment.
- Outpatient enteral nutrition up to \$2,500 per year when taken orally for the treatment of malabsorption caused by Crohn's disease, ulcerative colitis, gastroesophageal reflux, chronic intestinal pseudo obstruction, and inherited diseases of amino acids and organic acids.

*Lifetime and annual limits must be removed beginning with the first plan year beginning on or after September 23, 2010. "Plan year" means the date specified in the group health plan's plan document or, if no plan year is specified, the deductible or limit year, or if there is no deductible or limit year, the policy year. Because BCBSRI does not collect plan year information, we assume that each group health plan's plan year coincides with the BCBSRI renewal date.