



# ESSENTIAL HEALTH BENEFITS (EHBs)

Current as of August 29, 2024


## The 10 EHBs

**1 EMERGENCY SERVICES** 


**2 HOSPITALIZATION**  
*Inpatient care, such as surgery and overnight stays* 


**3 PRESCRIPTION DRUGS**  
*Includes brand name and specialty drugs* 


**4 LABORATORY SERVICES** 

**5 AMBULATORY PATIENT SERVICES**  
*Outpatient care without being admitted to a hospital* 

**6 PREVENTIVE AND WELLNESS SERVICES AND CHRONIC DISEASE MANAGEMENT** 

**7 PREGNANCY, MATERNITY, AND NEWBORN CARE**  
*pre/postpartum care, breastfeeding services, and birth control* 

**8 PEDIATRIC SERVICES**  
*includes oral and vision care (adult dental/vision are not EHBs)* 

**9 REHABILITATIVE & HABILITATIVE SERVICES AND DEVICES**  
*Services to improve skills/functioning for daily living, such as physical therapy* 

**10 MENTAL HEALTH AND SUBSTANCE USE DISORDER SERVICES** 

## What are EHBs?

A set of benefits that the Affordable Care Act (ACA) requires some (but not all) health plans and policies to cover.



Most Californians with health insurance have coverage for most or all EHBs, but EHB coverage is **required** for most Californians in **individual** plans and policies, and many Californians in **small group** plans and policies.

## Who is in a plan that requires EHB coverage?

12.1%



of Californians in 2025 are enrolled in commercial health insurance that is required to cover EHBs.



87.9%

of Californians are not. This includes Medicare and Medi-Cal beneficiaries and enrollees in large group plans and policies.

## What's an EHB benchmark plan?

The health plan used to set minimum EHB standards for a state. Each state chooses a benchmark plan to help specify the details of EHB coverage.



California's current EHB benchmark plan is the the Kaiser Foundation Health Plan Small Group HMO 30 plan.

## California has 3 ways to alter its definition of EHBs

1

Change to a benchmark plan used by another state in 2017.

2

Change some EHBs (but not others) to match what is in a benchmark plan used by another state in 2017.

3

Build a new set of benefits from the ground up.

# ESSENTIAL HEALTH BENEFITS (EHBS): DEFRAYAL



## What is defrayal?

California can make new benefit mandate laws.

If these require new benefit coverage and apply to small group and individual plans sold through Covered California, the new law would “exceed EHBS” and the state could be required to “defray” the cost.

## BENEFIT MANDATES

California has numerous health insurance benefit mandate laws – laws that require some or all state-regulated health insurance to cover a benefit, or do so in a specific way.

Some of the benefit mandates in effect prior to California choosing the benchmark plan are applicable to the selected benchmark plan and therefore helped specify some of the details of EHB coverage.

## What triggers defrayal?

Defrayal is triggered if the state benefit mandate does **all** of the following:

- Applies to qualified health plans sold through Covered California.
- Is enacted after December 31, 2011.
- Is not covered in EHB benchmark plan.
- Is not part of basic health care services under state law.
- Is specific to care, treatment, and/or services.



*New laws regarding service delivery method (e.g., telemedicine), provider types, cost sharing, or reimbursement methods would **not trigger** defrayal.*

Each state identifies whether any new benefit mandate exceeds EHBS. Defrayal costs can be based on a statewide average or on the actual costs to each plan or insurer.

## Who decides?



## Who gets paid?



Defrayal costs can be paid to either the purchaser (offsetting the likely rise in premiums) or directly to the plan or insurer (so that premium rates would not rise).

## Example in Action:

### Applied Behavioral Analysis (ABA) Therapy

*An example of how two states treated a new state benefit mandate.*

South Dakota

**No defrayal**

In 2019, South Dakota proposed a new definition of EHBS that included ABA therapy; it was approved by the federal government.

Because South Dakota updated their benchmark plan prior to passing legislation to mandate ABA Therapy coverage, the requirement did not trigger defrayal.

**VS**

Utah

**Defrayal**

In 2014, Utah passed legislation to add ABA therapy after December 31, 2011 that was not included in Utah’s benchmark plan.

Utah is required to pay defrayal because their legislature introduced a new benefit mandate without changing its definition of EHB.

**Looking for more details? Check out these other CHBRP publications:**

• [Essential Health Benefits: An Overview of Benefits, Benchmark Plan Options, and EHBS in California](#)

• [Essential Health Benefits: Exceeding EHBS and the Defrayal Requirements](#)

