

## Essential Benefits

Under the health care reform law, health insurance plans must offer coverage for certain health care services including emergency services, preventative and wellness services, and prescription drugs, which are defined as “essential benefits.” This requirement is intended to ensure access to products and services that will enhance public health. It is important that the essential benefits are specifically defined in a way during the regulatory and implementation process that fosters access to a broad array of appropriate treatment options, including brand and generic medicines, and supports individualized treatment choices by physicians and their patients. Moreover, access should be meaningful in promoting quality care and should be provided with reasonable and predictable out-of-pocket cost to patients.

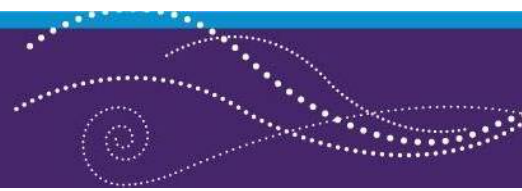
### Background

The Affordable Care Act (ACA)<sup>1</sup> provides broad guidance that conforming health insurance plans include coverage for a minimum, basic set of core health care services, or “**essential benefits**.” Under the new requirements, the Secretary of Health and Human Services (HHS) must require health insurance plans to cover at least these services: 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). In defining the more specific requirements for essential benefits, the Secretary must ensure that the scope of these benefits is equal to the scope of benefits in the typical employer plan.

Under the ACA, in defining the essential benefits package the Secretary of HHS must ensure that the essential benefits reflect an appropriate balance across the included categories of health care. The Secretary must not make coverage decisions, determine reimbursement rates, establish incentive programs, or design benefits in ways that discriminate against individuals because of their age, disability, or expected length of life, and must take into account the health care needs of diverse segments of the population, including women, children, persons with disabilities, and other groups. Moreover, the new law also obliges the Secretary to periodically review the essential health benefits and address any gaps in access to coverage.

### Key Facts and Figures

- Prescription drug coverage is widespread in employer plans.
  - In 2009, the Kaiser Family Foundation (KFF) reported that “nearly all (98%) covered workers in employer-sponsored plans have a prescription drug benefit.”<sup>2</sup>
  - KFF also reported that for 2009, 67% of covered workers had prescription drug benefit plans with three tiers, and 11% had four or more tiers.<sup>3</sup>
- Affordable access to care is important to improve health outcomes and potentially lower health care expenditures. Burdensome patient out-of-pocket costs and high copayments can cause people to delay or forgo needed treatment. Often, delays in treatment worsen preventable medical conditions and may ultimately increase spending across the health system.
  - In a 2007 review in the Journal of the American Medical Association (JAMA), the authors reported that for each 10% rise in patient cost sharing, medicine use fell between 2% and 6%.<sup>4</sup>
  - In a 2004 article in JAMA, it was reported that, all else being equal, doubling copayments would lead to a 17% increase in emergency room visits and 10% more hospital days among



patients with diabetes, asthma, and gastric acid disease.<sup>5</sup> Some employers have already eliminated copayments for employees with certain chronic conditions.<sup>6</sup>

## Pfizer's Position

Pfizer supports access to affordable health insurance offering quality health care. Meaningful coverage includes ensuring patients, in consultation with their physicians, have access to a broad range of appropriate treatment options, including brand and generic prescription medicines at affordable out-of-pocket costs. Further, essential benefits should also account for the role of innovation and the advancement of medical and scientific knowledge in providing new treatment options.

### How Patients and Health Care Professionals Benefit

One way the essential benefit design can help is by increasing patient adherence to important medication regimens and complement existing disease management programs through greater coverage of important services and medicines.

### How the Health Care System Benefits

A focus on ensuring minimum standards for health care may improve the nation's health.

### What It Means for Pfizer

Thoughtful benefit designs can help ensure that Pfizer products are used appropriately, by better equipping patients and their health care professionals to provide appropriate care for their patients.

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<sup>1</sup> The Patient Protection and Affordable Care Act (PPACA, P.L. 111-148), as amended by the Health Care and Education Reconciliation Act of 2010 (HCERA, P.L. 111-152), is collectively referred to in this paper as the Affordable Care Act of 2010 (ACA).

<sup>2</sup> Kaiser Family Foundation. "Employer Health Benefits 2009 Annual Survey pg. 144. Available at <http://ehbs.kff.org/pdf/2009/7936.pdf>.

<sup>3</sup> Kaiser Family Foundation. "Employer Health Benefits 2009 Annual Survey." pg 146. Available at <http://ehbs.kff.org/pdf/2009/7936.pdf>.

<sup>4</sup> Goldman D et al. "Prescription Drug Cost Sharing." *JAMA*. 2007. 298(1): 61-69.

<sup>5</sup> Goldman D et al. "Pharmacy Benefits and the Use of Drugs by the Chronically Ill." *JAMA*. 2004. 291: 2344-2350.

<sup>6</sup> Freudenheim, M. "To Save Later, Some Employers are Offering Free Drugs Now." *The New York Times*. 21 February 2007.