DEMOCRATIC POLICY COMMITTEE

Fact Sheet

DPC

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Six Months of Health Reform and a Patient's Bill of Rights

Six months ago, Congress passed and the President signed landmark health insurance reform legislation, the *Patient Protection and Affordable Care Act* (**P.L. 111-148**) and the *Health Care and Education Reconciliation Act* (**P.L. 111-152**). These two laws, together referred to as the *Affordable Care Act*, put control over health care decisions in the hands of the American people, not insurance companies. On the six month anniversary of the *Affordable Care Act's* enactment, Senate Democrats celebrate the Patient's Bill of Rights included in the law, which ends some of the worst insurance industry abuses and takes effect for health policy or plan years beginning on or after September 23, 2010.

While Republicans continue their efforts to repeal these critical consumer protections, Senate Democrats remain committed to implementing health reform that holds insurance companies accountable, brings costs down for everyone, and provides Americans with the insurance security and choices they deserve.

No Lifetime Limits

Millions of Americans who suffer from costly medical conditions are in danger of having their health insurance coverage vanish when the costs of their treatment hit lifetime limits imposed by their insurers and plans. Hitting these limits can cause the loss of coverage at the very moment when patients need it most, rendering them virtually uninsured. Over 100 million Americans have health coverage that imposes such lifetime limits. [HealthCare.gov, 6/22/10] The *Affordable Care Act* prohibits the use of lifetime limits in all new and existing plans issued or renewed on or after September 23, 2010.

Americans Who Will Benefit from the Ban on Lifetime Limits

Eliminating lifetime limits is critical for families like the Lathrops of Illinois. Ric and Jill Lathrop have two sons, age 12 and 14, who have severe hemophilia that requires injections of a blood clotting factor which cost about $250,000 per year for each child. [Kaiser Health News, 9/14/10] When Ric's employer instituted a $2 million lifetime cap on benefits for the entire family, the Lathrop's relocated to Illinois, where Ric found a job that provided health insurance without lifetime limits.

Joshua Lilienstein, a 30-year-old cancer patient and medical student, also hit his health insurance plan's lifetime limit. [Los Angeles Times, 9/7/10] He'd been battling cancer for four years when, in June 2009, he maxed out his plan's lifetime benefit, leaving him uninsured and searching for options to continue his cancer treatment while trying to stay in medical school.

Treatment for Edward Burke's hemophilia costs about $900,000 per year. The Palm Harbor, Florida, resident has hit the lifetime limit on his health insurance two times over the last seven years, and reports it would have happened more, but a series of mergers in his industry caused his health insurance to change frequently. [NPR, 9/14/10]

No Arbitrary Coverage Rescissions

Before passage of the *Affordable Care Act*, insurance companies could retroactively cancel your health insurance when you became sick, required costly health care, or if you, your employer, or your insurance agent made an unintentional mistake on insurance paperwork. With the passage of health reform, all health insurance plans issued or renewed on or after September 23, 2010, will be prohibited from rescinding your coverage except in cases of fraud or intentional misrepresentation. [HealthCare.gov, 6/22/10]

Americans Who Will Benefit from the Ban on Rescissions

Robin Beaton, a retired registered nurse, was days away from the double mastectomy that was required to treat a very aggressive form of breast cancer, when her health insurance company retroactively cancelled her coverage. [House Energy and Commerce Committee, 6/16/09] The insurance company claimed she had withheld information regarding previous treatment for acne. In fact, one health insurer, WellPoint, used a complicated claims review process to automatically target women recently diagnosed with breast cancer for fraud investigations to find some reason, any reason, to drop their coverage. [Reuters, 4/23/10]

When Jerome Mitchell, then a 17-year-old college freshman, was diagnosed with HIV in 2002, he took some comfort in the fact that he had purchased his own health insurance before starting college. [Reuters, 5/17/10] But shortly after receiving his diagnosis, Jerome's insurance company cancelled his coverage. Jerome sued the company, now known as Assurant Health, and won, with two courts finding Assurant Health wrongly revoked his coverage. Records from Jerome's case reveal another complicated claims review process in which the insurance company automatically investigated anyone recently diagnosed with HIV for any possible reason to revoke their coverage.

Extended Coverage for Young Adults

Young adults covered under a parent's or guardian's policy often lose that coverage at age 19 or upon graduation from high school or college. [National Conference of State Legislatures, 4/10] This likely contributes to this age group's high uninsured rate; about 30 percent of young adults lack health insurance. [The White House, accessed 9/20/10] The *Affordable Care Act* allows young adults up to their 26th birthday to stay on their parent's or guardian's policy or be added to it, for all new and existing policies or plans, with plan years beginning on or after September 23, 2010. [HealthCare.gov, 6/22/10] Existing group plans that are grandfathered may limit the coverage extension to young adults who do not have another offer of employer-sponsored insurance. Many insurance companies and employers have already implemented this program to avoid gaps in coverage for new graduates and other young adults.

Americans Who Will Benefit from Extended Coverage for Young Adults

Sarah Posekany of Cedar Falls, Iowa, was diagnosed with Crohn's disease when she was 15 years old. [WCF Courier, 11/7/04] During her first year of college, she ran into complications from Crohn's, which forced her to drop her classes in order to heal after multiple surgeries. Because she

was no longer a full-time student, her parents' private health insurance company terminated her coverage. Four years later, she found herself $180,000 in debt, and was forced to file for bankruptcy. Sarah was able to complete one semester at Hawkeye Community College, but could not afford to continue. Because of her earlier bankruptcy, every bank she has applied to for student loans turned her down.

No Coverage Denials for Children with Pre-Existing Conditions

No child should go without the health insurance or health care they need, yet every year, too many American children are denied health coverage due to a medical condition they are either born with or develop as they grow. [HealthCare.gov, 6/22/10] Uninsured children are less likely to receive preventive care, such as immunizations and well-child check-ups, which makes them more likely to miss school and at greater risk of hospitalization than their insured peers. The *Affordable Care Act* prohibits health insurance plans from denying coverage to children based on pre-existing conditions. These protections apply to all new plans issued on or after September 23, 2010, and to existing plans in the group market with policy or plan years beginning on or after September 23, 2010.

Americans Who Will Benefit from the Ban on Coverage Denials for Children with Pre-Existing Conditions

Houston Tracy's parents learned that pre-existing conditions can apply the moment a baby is born. [ABC News, 3/27/10] Houston was born March 15, 2010, with a heart condition that required surgery to save his life. Houston's parents, Kim and Doug Tracy, cannot afford health insurance for themselves, but have individual policies for their other two children, and intended to purchase a policy for Houston, even contacting Blue Cross Blue Shield of Texas twice before Houston was born, but the insurer instructed Doug to wait until the baby was born and then complete the online application. Doug applied for Houston's health insurance on March 18, the first month's premium was charged to his credit card, and six days later the insurer denied Houston's coverage due to a pre-existing condition, when Houston was just nine days old.

The Demko family from Ohio experienced the same discrimination. [Georgetown University, accessed 9/20/10] When Emily was born with Down Syndrome, her mother, Margaret, decided to stay home to help meet Emily's needs. When they lost access to employer-sponsored health insurance, the Demkos were denied private insurance due to Emily's pre-existing condition, a condition she was born with.

Restrictions on Annual Limits

While less common than lifetime limits, annual dollar limits on health insurance coverage restrict many Americans' access to necessary health care, leaving them virtually uninsured. About eight percent of large employer plans, 14 percent of small employer plans, and 19 percent of individual market plans include annual limits on care. [HealthCare.gov, 6/22/10] The *Affordable Care Act* phases out the use of annual limits over the next three years, until 2014 when such limits are banned for all employer-sponsored plans and all new plans in the individual market. For these plans issued or renewed on or after September 23, 2010, annual limits may not be lower than $750,000; the minimum will be raised to $1.25 million for plans issued or renewed on or after September 23, 2011, and to $2 million for plans issued or renewed on or after September 23, 2012. Plans issued or renewed beginning January 1, 2014, will be prohibited from imposing annual dollar limits on essential health benefits.

Americans Who Will Benefit from Restrictions on Annual Limits

Jim Arey of Columbia, Maryland, first learned of his health plan's annual limit when he received an $8,000 bill for two physician-administered infusions he needs to treat inflammation of the joints between his vertebrae. [Kaiser Health News, 9/13/10] After trying to go without the medication, Jim sank deeper into medical debt as he sought treatment for side-effects stemming from the period he went untreated.

Rolanda Carter of Oklahoma City, Oklahoma, thought her health plan's annual limit of $50,000 in total care costs would be sufficient, but didn't realize that her plan also imposed a $3,000 annual limit on care from physicians. [Kaiser Health News, 9/13/10] After three months of treatment for lupus and other conditions, Rolanda hit the limit on physician care. She now has a new job, and her new coverage will start soon, but she is still paying off medical debt she acquired because her previous insurance plan offered her little coverage when she really needed it.

Preventive Care Without Cost-Sharing

Ensuring that Americans have access to preventive health care is key to keeping people healthy and preventing the need for more costly care, yet Americans use preventive care at about half the recommended rate, and approximately 11 million children and 59 million adults have private insurance that does not adequately cover immunizations. [New England Journal of Medicine, 6/26/03; Institute of Medicine, 8/4/03] The *Affordable Care Act* makes preventive care more accessible and affordable by requiring new health insurance plans issued on or after September 23, 2010, to cover recommended preventive services without charging a copayment, coinsurance, or deductible. [HealthCare.gov, 7/14/10] The Administration estimates that 31 million Americans in new employer-sponsored insurance and 10 million Americans in new individual insurance will receive more accessible, affordable preventive care next year as a result of the *Affordable Care Act*, with 88 million Americans benefitting by 2013.

The Right to Choose Your Own Doctor

The *Affordable Care Act* is built on the idea that Americans should be able to choose and keep their doctors. The *Affordable Care Act* guarantees your right to choose a primary care doctor from any available participating provider, it guarantees your right to designate any available participating pediatrician as your child's primary care provider, and it prohibits insurers or employer-sponsored plans from requiring a referral for obstetrical or gynecological (OB-GYN) care. [HealthCare.gov, 6/22/10] These protections apply to all new policies or plans issued on or after September 23, 2010.

The Right to Emergency Care at In-Network Rates

Some insurance plans will only pay for care, including emergency care, provided by providers in their network, or may require prior approval before you can receive care from an out-of-network provider. These barriers can cause medical bills to pile up if you become sick away from home or are not near an in-network provider when a health care emergency strikes. The *Affordable Care Act* prohibits health insurers and plans from charging patients more for out-of-network emergency care. [HealthCare.gov, 6/22/10] This protection applies to all new policies or plans issued on or after September 23, 2010.

The Right to Independent Appeals

One way the *Affordable Care Act* protects consumers and puts patients back in charge of their health care is by requiring insurance companies to implement effective internal and external appeals processes. [P.L. 111-148; P.L. 111-152] Specifically, the *Affordable Care Act* requires new insurance plans,

with plan or policy years beginning on or after September 23, 2010, to implement an effective internal appeals process of coverage determinations and claims and to comply with any applicable state external review process. If a patient's internal appeal is denied, patients in new health plans will have the right to an independent appeal by a third-party reviewer not employed by their health plan. These eternal appeals can help consumers get the care they deserve, with one study of States that require external appeals finding that consumers won their external appeal against the insurance company 45 percent of the time. [Kaiser Family Foundation, 5/02] The Administration estimates that, next year, approximately 31 million people in new employer plans and 10 million people in new individual plans will benefit from these new appeals protections, and that 88 million Americans will benefit by 2013. [HealthCare.gov, 7/22/10]

Additional Information

More information on the Affordable Care Act is available from the Democratic Policy Committee at dpc.senate.gov/reform.