

COVERAGE DENIED:

How the Current Health Insurance System Leaves **MILLIONS** Behind

“Pre-Existing Conditions” Affect Millions of Americans

A large proportion of Americans have health conditions that insurance companies can qualify as “pre-existing conditions.”

A pre-existing condition is a medical condition that existed before someone applies for or enrolls in a new health insurance policy. It can be something as prevalent as heart disease – which affects one in three adults¹ – or something as life-changing as cancer, which affects 11 million Americans.²

But a pre-existing condition does not have to be a serious disease like cancer or heart disease. Even relatively minor conditions like hay fever, asthma, or previous sports injuries can trigger high premiums or denials of coverage.³

Unattainable Health Coverage

Insurance discrimination based on pre-existing conditions makes adequate health insurance unavailable to millions of Americans.

In 45 states across the country, insurance companies can discriminate against people based on their pre-existing conditions when they try to purchase health insurance directly from insurance companies in the individual insurance market.⁴ Insurers can deny them coverage, charge higher premiums, and/or refuse to cover that particular medical condition.

A recent national survey estimated that 12.6 million non-elderly adults⁵ – 36 percent of those who tried to purchase health insurance directly from an insurance company in the individual insurance market – were in fact discriminated against because of a pre-existing condition in the previous three years.⁶

In another survey, one in 10 people with cancer said they could not obtain health coverage, and six percent said they lost their coverage, because of being diagnosed with the disease.⁷



Source ⁵ and ⁶

IN THEIR OWN WORDS

“When I was five, I was in a serious accident, and two surgeries were required to save my life. The accident has left me with “pre-existing conditions,” which have presented me with additional problems when looking for insurance... When I was self-employed, I applied for an individual health insurance plan ... They sent me a letter stating that they would insure me, except for most of my internal organs.”

- Testimony of Lee Anne Fitzpatrick
before the U. S. Senate Select Committee
on Aging, April 3, 2008.
<http://aging.senate.gov/events/hr191lf.pdf>

It is still legal in nine states for insurers to reject applicants who are survivors of domestic violence, citing the history of domestic violence as a pre-existing condition.⁸

Even when offering coverage, insurers can exclude entire categories of illnesses related to a pre-existing condition. For example, someone with a pre-existing condition of hay fever could have any respiratory system disease – such as bronchitis or pneumonia – excluded from coverage.⁹

Losing Coverage When You Need It Most

Thousands of Americans also lose health insurance each year through a practice called rescission.

When a person is diagnosed with an expensive condition such as cancer, some insurance companies review his/her initial health status questionnaire. In most states' individual insurance market, insurance companies can retroactively cancel the entire policy if any condition was missed – even if the medical condition is unrelated, and even if the person was not aware of the condition at the time. Coverage can also be revoked for all members of a family, even if only one family member failed to disclose a medical condition.¹⁰

A recent Congressional investigation into this practice found nearly 20,000 rescissions from three large insurers over five years, saving them \$300 million in medical claims¹¹ – \$300 million that instead had to come out of the pockets of people who thought they were insured, or became bad debt for health care providers.

At least one insurance company has been found to evaluate employee performance based in part on the amount of money an employee saved the company through rescissions.¹² Simply put, these insurance company employees are encouraged to revoke sick people's health coverage.



Source ¹¹

The Need for a Solution

High-risk pools, which have been used by states to cover the “medically uninsurable,” do not work.

Thirty-five states offer a high-risk pool for people who have been denied coverage in the individual insurance market or otherwise cannot obtain insurance.¹³ However, high-risk pools generally charge significantly higher rates than they charge for a healthy individual in the individual insurance market,¹⁴ meaning that only relatively high-income people can afford the coverage. One study estimated that only eight percent of the uninsurable population is able to enroll in high-risk pools, mainly because of high premiums.¹⁵

Benefits through a high-risk pool are also not guaranteed. Some state high-risk pools have annual caps on enrollment, or limit eligibility only to people who had prior group health coverage in the preceding 63 days. And one state high-risk pool has been closed to new beneficiaries since 1991.¹⁶

All high-risk pools also impose pre-existing condition exclusions for six months to one year, during which time care for the very condition that made someone uninsurable is not covered.¹⁷

Health Insurance Reform Will Provide Stability and Security for All Americans

Under health insurance reform, insurance companies will be prohibited from refusing coverage because of someone’s medical history or health risk.

Insurance companies will be required to renew any policy as long as the policyholder pays their premium in full. Insurance companies will not be allowed to refuse renewal because someone became sick.

And insurance companies will be prohibited from dropping or watering down insurance coverage for those who are or become ill.

IN THEIR OWN WORDS

“ My brother was a business owner of a restaurant that he ran with his wife, Marie... In September of 2004 [he] was diagnosed with Stage IV Non-Hodgkin’s Lymphoma ... In the midst of his chemo treatments, Otto received a phone call and letter stating his insurance was canceled [because of] a “material failure to disclose”. Apparently in 2000 his doctor had done a CT scan which showed an aneurysm and gall stones. My brother was never told of either one of these conditions nor was he ever treated for them and he never reported any symptoms for them either. After months of preparation, [his] stem cell transplant could not be scheduled. My brother’s hope for being a cancer survivor were dashed. ”

- Testimony of Peggy Raddatz
before the U.S. House of Representatives Energy
and Commerce Subcommittee on Oversight
and Investigations, July 27, 2009.
[http://energycommerce.house.gov/
Press_111/20090616/testimony_raddatz.pdf](http://energycommerce.house.gov/Press_111/20090616/testimony_raddatz.pdf)

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