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Tuesday May 2, 2017
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Page 1 of 2

Revised GOP health bill could imperil coverage for pre-existing conditions

WASHINGTON — The latest proposal to replace the Affordable Care Act has become a much harder sell for Republican moderates who will determine whether the bill passes the House of Representatives in a possible vote later this week.

Their main sticking point: concerns about how a new amendment could weaken consumer protections, particularly for people with pre-existing medical conditions.

The proposal would allow states to opt out of the ACA's "community rating" rule that prohibits individual insurers from charging sick people more for coverage.

In states that receive federal waivers under the proposal, individual insurers could base the cost of coverage on a person's health status or medical history using a process known as medical underwriting, which was discontinued under Obamacare.

Although people with medical problems couldn't be denied coverage under the amendment, the return of "health status underwriting could effectively make coverage completely unaffordable to people with pre-existing conditions," wrote Dr. James L. Madara, CEO of the American Medical Association, in a letter to congressional leaders last week.

That could lead to an explosion of cheaper bare-bones coverage plans with skimpy benefits in states that also use the amendment to waive the ACA requirement that insurers cover ten essential health benefits.

"Legislation drafted with the singular goal of bringing down premiums without regard to adequate or equitable coverage fails the majority of Americans who at some point become sick and need comprehensive coverage," said a similar letter to congressional leaders by Chris Hansen, President of the American Cancer Society Cancer Action Network.

More than 2.9 million people, or 27 percent of people with individual coverage in 2014, had a pre-existing health condition before enrolling in coverage, according to federal estimates. The number jumps to nearly 6 million, or 55 percent, under a broader interpretation.

The most common conditions for working-age adults are high blood pressure, high cholesterol, obesity, asthma, acne, arthritis and behavioral problems like substance abuse disorders and depression. More serious conditions include cancer, heart disease, diabetes, pregnancy, epilepsy, AIDS and kidney disease.

Before the ACA, medical underwriters collected personal, demographic and medical information about each applicant for individual coverage. The information was used to set premiums, limit the terms of coverage and to deny coverage altogether.

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An estimated 19 percent of individual insurance applications were denied in 2010 and health status was the most cited reason, according to a GAO report.

Generally, sicker people paid more for coverage before the ACA was enacted. And some plans specifically excluded coverage for treatments related to a person's previous medical condition.

"It was kind of the wild west until medical underwriting was taken off the table," said Karen Pollitz, a senior fellow at the Kaiser Family Foundation.

The Affordable Care Act's community rating rule did away with medical underwriting by requiring all individual plan enrollees to pay the same rates. That spread the higher medical cost of sicker plan members equally among all enrollees.

Community rating and the ACA's coverage gains helped cut the number of uninsured people with pre-existing conditions by 3.6 million, or 22 percent, from 2010 to 2014, according to federal estimates.

Republicans argue that coverage for people with medical conditions is protected under the amendment. That's because the waivers would only go to states that set up programs to help cover people whose medical history could price them out of the insurance market.

Those programs can include high-risk pools to help cover people with expensive conditions, subsidies to help pay their out-of-pocket costs or reinsurance and other premium stabilization programs that help insurers pay for high-cost plan members.

But Kamara said there's "no certainty" these backstops "will be sufficient to provide for affordable health insurance or prevent discrimination against individuals with certain high-cost medical conditions."

In states that are granted waivers, insurers could only base premiums on health status if applicants have had a break in their coverage, Pollitz said. And even then, only for one year.

"But they can keep applying it year after year as long as you stay uninsured and keep trying to come back in," said Pollitz.

Since cost is the reason most people are uninsured, many would face health-status underwriting indefinitely because they simply couldn't afford coverage.

Individual health status isn't a factor for people with job-based health insurance or public coverage through Medicaid or Medicare because everyone in those coverage pools pays the same rates.

by Tony Pugh for McClatchy Washington Bureau

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