

Pre-existing Conditions – A Primer

In the United States the bulk of funding for health care services is provided through health insurance. A pre-existing condition is a medical condition that existed prior to the date the patient signed up with a health insurance provider. In terms of the expected costs associated with insuring an individual, both chronic and acute conditions may require expensive treatments. Some pre-existing conditions may have a high probability of causing additional or above average costs because of complications or associated health compromises. Increasing attention is being paid to pre-existing conditions hinges on two factors: 1) whether specific pre-existing conditions are believed to affect the costs of health treatments for an insured person **and** 2) whether the applicants will be denied coverage or charged a higher premium to deflect those costs.

Prior to the Affordable Care Act Did Pre-Existing Conditions Affect Health Insurance?

- Before 2014, in all but five states, health insurance sold in the individual market could be medically underwritten, i.e., insurers evaluated applicants' health status, health history, and other risk factors to determine whether and under what terms to issue coverage.
- A [2010 House Energy and Commerce Committee report](#) indicated that one in seven applicants to any of the four largest for-profit health insurers was denied coverage due to pre-existing conditions. It is unknown how many of those applicants who received a high premium coverage offer refused the offer versus electing to pay the higher price.
- A 2016 [Kaiser Family Foundation study](#) reported that 27% of Americans under 65 might be uninsurable due to underwriting practices with respect to pre-existing conditions.

What is/was the status quo with respect to pre-existing conditions under the Affordable Care Act (ACA)?

- For the same insurance coverage, health insurers are generally not allowed to charge higher amounts based on a person's pre-existing conditions. People age 64 and older can be charged up to three times as much as 21- to 24-year-olds for the same plan (3-to-1 "rate banding").
- All insurance plans have to include coverage of ten specific categories of covered benefits, the "essential health benefits." Health insurers cannot finesse the prohibition on using pre-existing conditions by not covering services such as pre-natal and maternity care or mental health services. Insurers cannot offer cut-rate prices by providing incomplete coverage.
- The effective financial coverage of health expenses can vary within a limited number of coinsurance bands, "the metals": bronze-with 60% coverage and the lowest premiums, silver-70% and the second lowest premiums, gold-80% and the second highest premiums, and platinum-90% with the highest premiums. (Deductibles and eligibility for cost sharing subsidies also varied by metal levels.)
- The percentage of the non-aged population without health insurance dropped from 18.2% to 8.8% between 2010 and 2016.

In the Repeal and Replace proposals offered by Congress what changes may be in store for underwriting with respect to pre-existing conditions?

- The prohibition against the use of pre-existing conditions for underwriting health insurance remains very popular. Therefore most descriptions of new proposals contend that “pre-existing conditions are covered.”
- Under the American Health Care Act (AHCA) states may apply for a waiver exempting insurers from the essential health benefits requirements. Similarly states would also be permitted to request a waiver with respect to mandated coverage for pre-existing conditions. States can apply for one or both waivers.
- AHCA in its various iterations eliminates the requirement that private employment based health insurance cover the ten essential health benefits, potentially restricting access to services needed for some pre-existing conditions.
- The [May 24, 2017 CBO analysis](#) concluded that individuals with pre-existing conditions will not be protected under the AHCA. The analysis assumed that one sixth of Americans with pre-existing conditions would find themselves in a pre-ACA-like health insurance environment, described elsewhere as [“hospitable to the healthy and hostile to the sick.”](#)

[“People who are less healthy \(including those with preexisting or newly acquired medical conditions\) would ultimately be unable to purchase comprehensive nongroup health insurance at premiums comparable to those under current law, if they could purchase it at all — despite the additional funding that would be available under H.R. 1628 to help reduce premiums. As a result, the nongroup markets in those states would become unstable for people with higher-than-average expected health care costs.”](#)

- AHCA reduces the cost sharing subsidies available to lower income individuals, potentially inducing some people with pre-existing conditions to defer treatments and exacerbating those conditions.
- AHCA eliminates the ACA penalties for remaining uninsured and replaces them with a 30% penalty surcharge on premiums for those individuals wanting to regain health insurance coverage. The surcharge is expected to be less effective with respect to encouraging continuous insurance coverage.

What Do ANA’s Principles Imply with Respect to Pre-existing Conditions?

The American Nurses Association advocates for a healthcare system that provides universal access to a standard package of essential health benefits for all citizens and residents. (Given that the U.S. Senate must pass its own version of AHCA and Congressional Republicans must reconcile the House and Senate versions in a single bill, it is not at all clear which version of “pre-existing conditions are covered” will be the operative one.) ANA is opposed to changes in health insurance market rules that allow major modifications in the essential health benefits requirements jeopardizing access to services needed by patients with pre-existing conditions. ANA is opposed to changes in the community rating requirements (established under the Affordable Care Act) that would increase premiums for people with pre-existing conditions.