



STUDY: Proposed Law Would Allow Health Insurers to Exclude Preexisting Conditions From Coverage, Tripling Out-Of-Pocket Costs For Cancer and Diabetes

The Ensuring Coverage for Patients with Pre-Existing Conditions Act Would Also Substantially Raise Out-of-Pocket Costs for People with Arthritis, Asthma, and High Blood Pressure

Allowing insurance companies to exclude preexisting conditions from health insurance coverage could cost consumers with asthma, arthritis, cancer, diabetes, and high blood pressure thousands of dollars in increased out-of-pocket costs, according to a [report](#) out today from the Commonwealth Fund.

Coverage for preexisting health conditions, which is guaranteed under the Affordable Care Act (ACA), is currently threatened by the Texas v. Azar lawsuit. If successful, the suit would invalidate the ACA along with its requirement that insurers cover preexisting conditions. A Republican-backed Senate bill, the Ensuring Coverage for Patients with Pre-Existing Conditions Act, seeks to ensure that people with preexisting conditions could still buy health insurance coverage, but, unlike the ACA, the bill does not require that health plans cover treatment for these conditions.

In the new report *How Would Americans' Out-of-Pocket Costs Change If Insurance Plans Were Allowed to Exclude Coverage for Preexisting Conditions?*, Sherry Glied and Adlan Jackson of New York University detail how consumers would fare under the proposed legislation compared to current coverage under the ACA. The authors find that:

- ▶ **Average annual out-of-pocket spending for consumers is projected to increase by \$260 for high blood pressure, \$370 for asthma, \$450 for arthritis, \$2,370 for cancer, and \$2,520 for diabetes. People with cancer or diabetes could see their out-of-pocket spending triple.**
- ▶ **People with the most severe illnesses of each type would face the biggest out-of-pocket spending increases. For the 10 percent of people with the highest costs, annual out-of-pocket spending would exceed \$4,900 for cancer patients and \$9,200 for diabetes patients.**

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The Commonwealth Fund is a private, nonprofit foundation supporting independent research on health policy reform and a high-performance health system.

The study also finds that many people with preexisting conditions would also pay more for other health care, since once preexisting conditions are excluded from coverage, out-of-pocket spending on them no longer counts toward the plan deductible or out-of-pocket spending maximums.

For example, 12 percent of people with diabetes could expect to spend more out of pocket on treatment for other health problems because of the exclusion of diabetes-related care from plan deductibles.

From the experts:

Sherry Glied, lead author of the study and Dean of the Robert F. Wagner Graduate School of Public Service at New York University

“Allowing insurers to exclude even common preexisting conditions from health coverage would be extremely costly for many people. And ours is a conservative analysis — it doesn’t take into account how exclusions will affect out-of-pocket costs related to complications of chronic conditions or spending on other health problems.”

David Blumenthal, M.D., Commonwealth Fund President

“These findings are an important reminder of how important health insurance coverage is for people with preexisting conditions. It’s essential to ensure that such coverage is protected so that everyone, especially those who are or have been sick, can get affordable health care.”

ADDITIONAL REPORT BACKGROUND

The study’s authors used data from the Medical Expenditure Panel Survey from 2014 to 2016 to calculate how out-of-pocket spending would change under insurance coverage that excluded treatment of preexisting health conditions. Using a sample of privately insured adults ages 25 to 64 with arthritis, asthma, cancer, diabetes or high blood pressure, they averaged what was spent by consumers out of pocket and by insurance on treatment related to those conditions. To determine the out-of-pocket spending effects of not having preexisting conditions covered by health insurance, the authors added total out-of-pocket spending and private insurance spending on condition-related treatments.

The authors note that it is likely their estimates are conservative as patients who do not have insurance coverage for a pre-existing condition might lose the benefits of insurer-negotiated prices for their care and they would have to pay for that care based on provider charges, which would double their cost over what they study estimated. Second, it is likely that if insurers were to exclude coverage for pre-existing conditions, they would also exclude coverage for any health issues related to that condition. For example, care for a stroke as a result of high blood pressure may not be covered, leaving consumers facing even higher bills.

IMPLICATIONS

The study’s authors conclude that while the proposed legislation would require insurers to offer insurance to people with pre-existing conditions, the fact that they could be offered insurance that does not cover their condition puts them at great risk of facing substantially higher out-of-pocket health care costs.

In order to assure that people who are, or have been, sick can get needed care, they need to be guaranteed access to health insurance that covers their pre-existing conditions with premiums that don’t vary with health status.

ADDITIONAL PERTINENT RESEARCH

- [Short-Term Health Plan Gaps and Limits Leave People at Risk](#)
- [Lawsuit Threatens Affordable Care Act Preexisting Condition Protections But Impact Will Depend on Where You Live](#)
- [Trump Administration Court Filing Threatens Coverage for Preexisting Conditions](#)