

Pre-existing/Pre-Insured Conditions in 60 Seconds

WHAT'S AT STAKE:

Chronic conditions are not the same as "pre-existing conditions", which is insurance industry shorthand for any condition that pre-existed insurance covering it. From the patient's perspective, these should be called pre-insured conditions.

Most people with chronic health conditions have health insurance that helps them with their costly bills. This was also true before the Affordable Care Act (or ObamaCare). That's because most people get insurance through:

- **an employer (55 percent) or**
- **Medicare (18 percent) or**
- **Medicaid (18 percent)***

And these forms of insurance did not (and do not) deny coverage or upcharge anyone due to health status or history. Furthermore, before the ACA, people were permitted to change insurance plans without being "underwritten" for any condition, so long as they didn't have a long coverage gap. And new babies, regardless of any condition, were insured at standard rates, so long as they were enrolled right away.

* Some people are dual eligible for Medicare and Medicaid. In total, public programs cover 34 percent of insured Americans.

The ACA extended these two rules to the individual insurance market:

- **Guaranteed Issue**—requires insurers to issue everyone a policy
- **Community Rating**—requires everyone to pay the same in premium

These rules, while popular and well-intended, are the equivalent of letting your neighbors buy their homeowner's policy after their house burns down at the same rate as you. It ultimately took away the incentive to buy insurance before getting sick. This made insurance pools less healthy, increased premiums dramatically, and drove many insurers out of the market, shrinking choices on policies and prices.

A Better Solution:

We all want people with chronic conditions to live with confidence that they will not lose access to health care or face financial ruin because of their condition.

First, encourage people to become (and stay) insured before getting sick by making insurance more affordable and portable:

- Reduce unnecessary regulations that drive up costs and over-standardize plans, mandating features that patients often don't want or need.
- Make the link between employment and insurance optional. Allow workers to purchase the insurance plan of their choice (with pre-tax dollars) and keep it, even when they change jobs.

Second, strengthen safety nets for those who need them most. As much as we can try to help people avoid it, a small number of people will still end up getting sick while they lack insurance coverage.

For them, we should:

- Encourage states to create Guaranteed Coverage Pools that offer subsidized plans. The federal government can fund and oversee these programs.