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Press Release

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Health Plans Propose Guaranteed Coverage for Pre-Existing Conditions and Individual Coverage Mandate

Washington, DC – Health plans today proposed guaranteed coverage for people with pre-existing medical conditions in conjunction with an enforceable individual coverage mandate.

Under the new proposal, health plans participating in the individual health insurance market would be required to offer coverage to all applicants as part of a universal participation plan in which all individuals were required to maintain health insurance.

Health plans also said that premium support for moderate-income individuals and broad spreading of risk was necessary to promote affordability and maintain premium stability in the individual health insurance market.

To ensure that all Americans can access coverage, health plans also reiterated their long-standing support for making eligible for Medicaid every uninsured American living in poverty and strengthening the Children's Health Insurance Program.

"No one should fall through the cracks of our health care system," said Karen Ignagni, President and CEO of America's Health Insurance Plans (AHIP). "Universal coverage is within reach and can be achieved by building on the current system."

The announcement follows a nationwide listening tour conducted by AHIP as part of its *Campaign for an American Solution*. Concerns about coverage for pre-existing conditions, continuity of coverage for those between jobs and maintaining affordability for those with insurance were raised repeatedly across the country.

"AHIP's Board of Directors is responding to the concerns of the American people by offering a workable solution to ensure that no one is left out of the health care system because of their health, age, income or employment status," said Ignagni.

The new proposal builds on the series of comprehensive reform plans that AHIP's Board of Directors began releasing in November 2006. Further reform proposals addressing the affordability, accessibility and quality of health care are anticipated in the weeks ahead.

Summary of AHIP's Proposal to Guarantee Coverage for Pre-existing Conditions and Promote Affordability in the Individual Insurance Market:

- Guarantee-issue coverage with no pre-existing condition exclusions;
- Establish an individual coverage requirement with an insurance coverage verification system, an automatic enrollment process and effective enforcement of the requirement that all individuals purchase and maintain coverage;
- Promote affordability by: providing refundable, advanceable tax credits for moderate-income individuals and working families; and promoting tax equity whether coverage is obtained through an employer or the individual market; and
- Ensure premium stability for those with existing coverage through a broadly funded reimbursement mechanism that spreads costs for the highest-risk individuals.

Background on the Individual Market and Guarantee Issue

AHIP's survey of the individual market shows that individually purchased health insurance is far more affordable and accessible than is widely known. The survey found that 9 out of 10 applicants undergoing medical underwriting were offered coverage. The plans commonly purchased by consumers provided substantial financial protection and a wide range of benefits, including coverage for behavioral health, prescription drugs and preventive services.

Some individuals are unable to purchase individual health insurance coverage in the private market because of their health status. One approach taken by states to address this issue has been the enactment of guarantee issue legislation requiring health plans to offer coverage to all applicants. These well-intentioned reforms have often resulted in severe unintended consequences, including significantly higher costs for all policyholders.

A report by Milliman, Inc. found that enactment of guarantee issue laws in the absence of requirement that individuals purchase coverage may incentivize people to defer seeking coverage until they have health problems – a situation which unfairly penalizes those who are currently insured. According to the report, states that implemented these laws saw a rise in insurance premiums, a reduction of individual insurance enrollment and no significant decrease in the number of uninsured. To learn more about the individual market survey and the Milliman report, please visit www.ahip.org.

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