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Fact Sheet on Republican Legislation to Put Insurers Back in Charge of Your Healthcare

Committee on Energy and Commerce, Democratic Staff

Is Your Plan a Grandfathered Plan?

- *Do you have health coverage that you buy yourself through an insurer that offered insurance in March of 2010, even if you were not enrolled in 2010?*
- *If you have health coverage through your employer, did your employer offer health insurance in March of 2010, even if you were not enrolled in the plan or working with that employer then?*

If the answer is yes to either of these questions, it is a grandfathered plan under Republican legislation and it will not have to offer important consumer protections.

The Republicans on the Energy and Commerce Committee released draft legislation on September 9, 2011, that undermines the patients' bill of rights and other critical consumer protections in the Affordable Care Act (ACA) for the majority of Americans with private health insurance. This legislation is the subject of a hearing on September 15, 2011, in the Committee on Energy and Commerce, Subcommittee on Health.

The Republican draft rolls back critical consumer protections for any health plan that existed the day that the ACA passed – March 23, 2010. The draft designates these plans as *grandfathered health plans* and forever exempts them from having to meet a host of important insurance reforms no matter how much the plan cuts benefits or increases premiums over time. This allows grandfathered health plans to continue with current abuses and avoid implementing crucial reforms.

Grandfathered plans are likely to include most individual health insurance and most employer-based health insurance that was offered in March 2010. The consumer protections that would not apply to these plans include:

Insurance for Young Adults to 26: Under the Republican draft, grandfathered health plans can deny young adults up to the age of 26 from a parent's insurance. Over 1.2 million young adults could lose their insurance coverage under the draft, notably affecting students just after they finish school and start looking for a job in a challenging economy.

Prohibition on Rescission of Insurance: Under the Republican draft, grandfathered health plans can cancel a person's coverage when they get sick for making a simple mistake on an application. This would leave 15.9 million people in the United States vulnerable to possible rescissions.

Prohibition on Annual and Lifetime Limits: Under the Republican draft, grandfathered health plans can continue to impose lifetime and restrictive annual limits on coverage that were banned or are being phased out with the passage of the ACA. Over 100 million Americans with grandfathered health plans could find themselves vulnerable to a denial of coverage once arbitrary dollar limits have been reached even while the patient continues to pay premiums.

Prohibition on Pre-existing Condition Discrimination: Under the Republican draft, grandfathered health plans can continue to discriminate against people with pre-existing conditions indefinitely, exempting them from the provisions of the health reform law that prohibits discrimination based on pre-existing conditions currently for children and will on January 1, 2014, do so for adults. Insurance companies could deny coverage or charge individuals with preexisting conditions more for insurance. 57 million Americans have a pre-existing condition.

No Cost Sharing for Preventive Benefits: Under the Republican draft, grandfathered health plans that make major changes to their benefits would no longer be required to cover recommended preventive services, like mammograms and flu shots, without cost sharing. This could take away this critical coverage from 41 million Americans.

Patient Choice of Providers: Under the Republican draft, grandfathered health plans that make major changes to their benefits would no longer have to guarantee enrollees the right to choose any available primary care provider in the network or see an OB-GYN without a referral.

Protecting Small Businesses: Under the Republican draft, grandfathered health plans are exempted from the medical loss ratio and rate review protections in health reform. Up to 43 million people in small business health plans may not benefit from these protections no matter how much their insurance changes, allowing insurers to charge higher, unjustified prices for low-value plans with no accountability.

Protecting Patients from Medical Bankruptcy: Under the Republican draft, grandfathered health plans that make major changes to their benefits will never be required to cap the out of pocket costs for those they cover, leaving them vulnerable to medical debt and bankruptcy. High medical costs contributed to about half of the more than 500,000 personal bankruptcies in the U.S. in 2007.

Right to Appeals Insurance Company Denials: Under the Republican draft, grandfathered health plans do not have to provide covered individuals with internal and external appeals rights for a coverage denial. By 2013, 88 million Americans are expected to benefit from the appeals protections.

For too long, too many hard working Americans paid the price for policies that handed free rein to insurance companies. The health reform law gives hard working families the security they deserve, but the Republican draft takes these protections away by putting insurance companies – not patients – back in control.