



A Milestone Day

Thousands of Iowans to Benefit From Health Reform on September 23

By Andrew Cannon

September 23rd will come and go for most Iowans like any autumn day. But for Iowans whose children have been denied insurance coverage because of pre-existing conditions, or who have had their insurance coverage rescinded, the date will be milestone.

Though the major provisions of the Affordable Care Act — the health care reform legislation signed into law by President Obama in late March — do not go into effect until 2014, a number of provisions take effect this year, on September 23rd, and promise to make the health care arrangements of thousands of Iowans more affordable and less stressful.

The provisions taking effect that day are described below.

New Insurance Options for Young Adults

The new health law enables adult children, up to age 26, to remain on their parents' health insurance plan if they are uninsured and are not offered health insurance through an employer. This is a potentially significant provision, as young adults are far more likely to be uninsured than any other age group.¹

Nationally, about 31 percent of adults aged 19 through 25 are uninsured.² Iowa young adults fare better than their national peers, but are still more likely than Iowans of any other age to be uninsured: 21 percent of young Iowans between ages 19 and 25 are uninsured; among adult Iowans between the ages of 26 and 64, just 10.6 percent are uninsured.³

Iowa has been ahead of the curve on this particular issue. In 2008, the Iowa General Assembly passed a law that allowed unmarried young adults up to 25 to remain on their parents health insurance provided they were in school or disabled.⁴

The Affordable Care Act (ACA) goes a step further — young adults up to age 26 will be able to remain on their parents' insurance plan, regardless of their student and marital status.⁵ It should be noted that only the adult child — none of his or her children or his or her spouse — will be allowed to remain on the parent's health insurance plan.⁶

Though Iowa has already expanded dependent care for adult children, thousands of Iowans could benefit from this provision. Among uninsured Iowans between the ages of 19 and 24, about 6,040 are married,⁷ thus disqualifying them from the 2008 Iowa law expanding young adult coverage. An additional 9,700 uninsured Iowans aged out of the 2008 law by reaching age 25.⁸ These 15,740 uninsured young adults could, thanks to the ACA, gain insurance through their parents' insurance plans.

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The actual impact of the provision is likely to be far lower. In the 28 states that expanded dependent coverage for young adults, few took advantage of the new rights.⁹ When the individual mandate — which requires nearly all adults to purchase health insurance — becomes effective in 2014, it is likely that this provision will have a much greater effect.

No Pre-existing Condition Exclusions for Children

The unpleasant experience of being told that certain pre-existing illnesses will not be covered, or being denied insurance altogether because of a pre-existing condition, will end for all Americans in 2014. But for now parents of children with pre-existing illnesses will be able to breathe a little easier about their child's insurance status. For health plans with years beginning after September 23rd, children with asthma will no longer have their inhalers and other drugs denied coverage. Insurers will be required to cover all children, regardless of health status, and not deny coverage of specific illnesses based on the child's conditions.¹⁰

This provision has the potential to have a large impact in Iowa, where over 7 percent of children under age 17 have a pre-existing condition that could have led (prior to this provision's implementation) to a denial of coverage for either that particular illness or for the child altogether.¹¹ The Lewin Group, a nationally respected health analysis firm, conducted research for the consumer advocacy group Families USA and found that 51,300 Iowa children have pre-existing conditions that could lead to denial of coverage.¹²

Coverage of Preventive Care and Immunizations

The broadest-reaching change of the September 23rd provisions will be the required coverage of all recommended preventive care and immunizations without cost-sharing. All non-grandfathered plans will cover treatments for most preventive services graded "A" and "B" by the United States Preventive Services Task Force.¹³ Among these recommended services are cancer screenings for adults — including breast, cervical and colorectal cancer screenings; cholesterol and blood pressure screenings for adults; screenings for prenatal mothers and newborns; and tobacco cessation counseling for adults. Similarly, vaccinations recommended by the Advisory Committee on Immunization Practices will be covered for both adults and children.¹⁴ Further, these services may not be subject to cost-sharing provisions, meaning that patients will not first have to meet a deductible before these services are covered.

The Departments of the Treasury, Labor, and Health and Human Services estimate that the health plans of as many as 41 million people will be subject to these regulations by mid-2011.¹⁵

Medicare enrollees will also benefit from this provision — Medicare coinsurance is eliminated for approved preventive treatments.¹⁶

Prohibition of Lifetime and Annual Benefit Limits

Patients with expensive-to-treat diseases need no longer worry that they will exhaust the amount their plans are willing to pay over the course of their lifetime in benefits. Caps on lifetime benefits will be prohibited on all insurance plans. The Departments of Treasury, Labor, and Health and Human Services estimate that 102 million Americans are enrolled in plans with lifetime limits. Of those, an estimated 18,650 to 20,400 exceed their lifetime benefit each year and thus lose coverage.¹⁷

Yearly benefit limits will eventually be prohibited. However, plans in which a person was enrolled when the Affordable Care Act was enacted can continue with limits. Even these grandfathered plans will face

some new regulations. Between September 23, 2010, and January 1, 2014, the minimum annual benefit grandfathered individual market plans can offer will rise from \$750,000 to \$2 million.¹⁸

Prohibition Against Rescissions

Few practices of the insurance industry received as much attention from policymakers during the health reform debate as rescissions, or the cancellation of policies by insurance companies. Legally, insurance companies can rescind, or retroactively cancel, insurance policies if the policy holder concealed an illness from the insurer at the time that person applied for the insurance.¹⁹ During the health reform debate, however, a number of stories appeared that suggested that some insurance companies were rescinding insurance from policyholders who had made no attempt to conceal an illness.^{20, 21}

Such rescissions are relatively rare and apply to few insurance policies. The National Association of Insurance Commissioners found that between 2004 and 2008, 3.7 insurance policies were rescinded for every 1,000 policies issued.²²

Though the impact of this provision is limited, it will offer some peace of mind to Iowans fighting illness who receive their insurance through the nongroup private market. About 185,800 Iowans are covered through insurance plans purchased on the non-group market and thus are subject to rescissions.²³ According to the National Association of Insurance Commissioners, 328 Iowans had their policies rescinded between 2004 and 2008.²⁴

Other 2010 Provisions

Earlier this year, two other provisions in the Affordable Care Act took effect — the tax credit for small businesses that offer health insurance to their employees and the implementation of a new health insurance program for people with pre-existing conditions. For more information on these topics, please see the Iowa Policy Project brief on [high-risk pools](#) and the Iowa Fiscal Partnership brief on [small business tax credits](#).

Conclusion

Beginning September 23rd, Iowans will no longer need to postpone preventive care visits and immunizations for financial reasons, nor will those who have purchased insurance plans on the private market need to worry about having their plan retroactively canceled. Adult children who previously would have aged or married out of their parents' insurance coverage may remain on their parents' policy until age 26. Iowans with expensive medical conditions no longer need to worry about exhausting their benefits and reaching a lifetime limit. Parents of children with chronic conditions, illnesses or disabilities will be able to find policies that will cover their children.

Though the major provisions of the health reform law do not go into effect until 2014, the September 23rd provisions of the Affordable Care Act will improve the lives and health of thousands of Iowans.

* Existing federal law prohibits the rescission of policies purchased through a large employer; however, plans purchased on the individual market or in a small employee group are now no longer subject to rescission.

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- ² U.S. Census Bureau, 2008 American Community Survey. Analyzed using *Integrated Public Use Microdata Series, Version 5.0*. Steven Ruggles, J. Trent Alexander, Katie Genadek, Ronald Goeken, Matthew B. Schroeder, and Matthew Sobek. [Machine-readable database]. Minneapolis: University of Minnesota, 2010.
- ³ 2008 ACS and IPUMS.
- ⁴ House File 2359, <<http://coolice.legis.state.ia.us/Cool-ICE/default.asp?Category=billinfo&Service=Billbook&frame=1&GA=82&hbill=HF2539>>. Iowa Code, Title XIII, §514E.7. <<http://coolice.legis.state.ia.us/Cool-ICE/default.asp?category=billinfo&service=IowaCode&ga=83&input=514E#514E.7>>.
- ⁵ *Federal Register*, Volume 75, no. 92. Thursday, May 13, 2010. <<http://www.regulations.gov/search/Regs/contentStreamer?objectId=0900006480aeca2b&disposition=attachment&contentType=pdf>>.
- ⁶ *Federal Register*.
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- ¹⁴ Centers for Disease Control and Prevention, Advisory Committee on Immunization Practices, Immunization Schedules. Accessed August 24, 2010. <<http://www.cdc.gov/vaccines/recs/schedules/default.htm>>.
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- ¹⁷ Department of the Treasury, Department of Labor, and Department of Health and Human Services, “Patient Protection and Affordable Care Act: Pre-Existing Condition Exclusions, Lifetime and Annual Limits, Rescissions, and Patient Protections, Interim Final Rules, June 21, 2010. <<http://www.hhs.gov/ociio/regulations/index.html#patients>>. As cited in Sara Collins, Sheila Rustgi, and Michelle Doty, “Realizing Health Reform’s Potential: Women and the Affordable Care Act of 2010,” The Commonwealth Fund. July 2010. <http://www.commonwealthfund.org/~media/Files/Publications/Issue%20Brief/2010/Jul/1429_Collins_Women_ACA_brief.pdf>.
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- ¹⁹ Joanne Silberner, “A Health Care Issue Both Parties Can Agree On,” National Public Radio, February 28, 2010. <<http://www.npr.org/templates/story/story.php?storyId=124170302>>.
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- ²¹ Terminations of Individual Health Insurance Policies by Insurance Companies, Hearing before the House Committee on Energy and Commerce, Subcommittee on Oversight and Investigations, June 16, 2009. <http://energycommerce.house.gov/Press_111/20090616/transcript_20090616_oi.pdf>.
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- ²⁴ National Association of Insurance Commissioners.