

RSC Info Alert: Fiction in the White House’s “Fact Sheet” on The Patient Protection and Affordable Care Act’s New Patients’ Bill of Rights

The White House’s [Fact Sheet: The Affordable Care Act’s New Patients’ Bill of Rights](#) includes many provisions that Republicans in Congress supported or introduced as alternatives to the government takeover of health care. However, the “fact sheet” also has some notable “fiction.”

High Risk Pools

Fiction: According to the White House’s fact sheet “Americans locked out of the insurance market because of a pre-existing condition can begin enrolling in the Pre-existing Condition Insurance Plan (PCIP)” - i.e. a national high risk pool.

Fact: This new national high risk pool is virtually the same Republican idea (state-based high risk and reinsurance pools) that Democrats trashed as not providing coverage for pre-existing conditions. Republicans, among other things, did not mandate that you must be uninsured for 6 months in order to take advantage of the new high risk pools (thus penalizing those who have been responsible and maintained coverage). Instead Republicans proposed to build upon existing funding sources and structures.

Just yesterday, CBO released a [letter](#) to Sen. Enzi regarding the inadequate funding levels for the high-risk pools created under PPACA.

- Like, [CMS Actuary](#) Richard Foster, CBO found that the \$5 billion in funding would run out before 2014 causing HHS to cap coverage to a mere 200,000 out of a potential [7 million](#) applicants. The White House has even [estimated](#) that 12 million individuals “were denied coverage directly or indirectly through high premiums due to a pre-existing condition.”
- CBO found that in order to adequately cover individuals between now and 2014 an additional \$5-\$10 billion in funding would be required.

Rescissions

Fiction: According to the White House’s fact sheet “No arbitrary rescissions of insurance coverage. Right now, insurance companies are able to retroactively cancel your policy when you become sick, if you or your employer made an unintentional mistake on your paperwork.”

Fact: It has been illegal since 1997, under the Health Insurance Portability and Accountability Act (HIPAA), for insurers to drop coverage “just because you become sick.”

Currently, the states have the authority to regulate rescissions - a state contract law concept. Rescissions occur when an insurer cancels a policy and returns the premiums to the policy holder thus voiding the contract and not paying the claims. While this does occur in limited numbers (in the individual market), it happens when an application is found to have fraudulent, misleading, or wrong information.

Additionally, according to [HHS](#) “HIPAA is very clear that, with limited exceptions, an individual insurance policyholder has a right to “guaranteed renewability” – in other words, an insurer must renew or continue in force an individual’s existing coverage unless a specific exception is met.”

Annual Dollar Limits

Fiction: According to the White House’s fact sheet the new reforms will “stop insurance companies from limiting the care you need” by limiting their use of annual limits on coverage.

Fact: While it is true that PPACA restricts all group insurers’ use of annual limits (grandfathered or not), what is not stated is that this very provision may make you (and potentially [1.4 million](#) other individuals) entirely lose the coverage you have as many, if not all, plans will no longer be able to offer limited medical benefit plans to new or renewing customers, as a plan design without annual limits would no longer be affordable for that population (often part-time, lower-wage, seasonal and temporary workers).

In addition to losing the coverage they currently have, individuals on limited medical benefit plans will also not be eligible for the high-risk pools created in PPACA because they are considered to have had “creditable coverage” leaving them without insurance until 2014.

As the Fact sheet notes “employers and insurers who want to delay complying with these rules will have to win permission from the federal government by demonstrating that their current annual limits are necessary.”