

Issue: VA Health Insurance

HB 2411: Republican Efforts to Undermine the Affordable Care Act (ACA)

In 2017, the Trump Administration, along with Republicans in the U.S. Congress, pushed to repeal the Affordable Care Act (ACA), the 2010 federal law that expanded access to affordable health insurance. Following repeated attempts to gut ACA protections, Republicans in the Virginia House of Delegates introduced HB 2411, a bill that would have rolled back health insurance regulations to the pre-ACA status quo.¹ This legislation was based on the assumption that Congress would in fact succeed in revoking the ACA. After the ACA was signed, Virginia passed multiple state laws that enacted the federal health care insurance requirements of the ACA. Through HB 2411, GOP lawmakers in Virginia intended to repeal these state health policies. In theory, if the ACA were voided, and HB 2411 were passed, then Virginia’s state legislators would not have to convene for a special session to rework state laws regarding insurance plans. Introduced by Republican Delegate Kathy Byron (HD22-Forest), HB 2411 swiftly passed the House, and subsequently the Senate, on a party-line vote. On March 27, 2017, then-Governor Terry McAuliffe vetoed the bill, explaining that “it is premature to sign such legislation, given the uncertainty at the federal level and the ongoing need for better access to health care that exists in Virginia.”²

If HB 2411 had become law, insurance companies would have been able to (1) deny coverage to Virginians based on their health status, (2) radically inflate premium rates, and (3) exclude coverage of certain benefits.

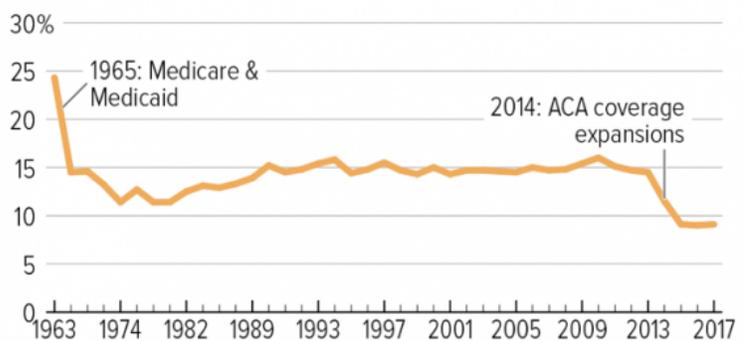
HB 2411 Would Allow Discrimination Based on Health Status

Returning to pre-ACA health regulations would once again allow health insurance providers to discriminate against Virginians with pre-existing conditions. One of the key provisions of the ACA—

and one that HB 2411 aimed to eliminate—stipulates that health insurers cannot reject applicants with pre-existing conditions. This requirement dramatically shrunk the uninsured population. This is quantified in a 2017 report by the Commonwealth Fund—in 2015, one year after pre-existing condition protections were codified, 16.5 million more people nationwide had insurance than in 2013.³ On the state level, the number of uninsured Virginians dropped by 27.9% between 2013 and 2016.⁴ Clearly, the ACA patched holes in the health insurance market by ensuring that previously uninsured individuals had adequate

Affordable Care Act Coverage Gains Driving Uninsured Rate to Historic Low

Share of population without health insurance



Note: For 1989 and later, data are annual. For prior years, data are generally biannual. Data for 2018 cover the first half of the year.

Source: Council of Economic Advisers analysis of National Health Interview Survey (NHIS) and supplemental sources, updated by CBPP from NHIS data

CENTER ON BUDGET AND POLICY PRIORITIES | CBPP.ORG

and affordable health insurance, as shown in the Center on Budget and Policy Priorities figure above.

State	50-64-Year-Olds with Declinable Preexisting Health Condition	
	Percent of 50-64 Population	Number of Adults Ages 50-64
Missouri	43%	508,035
Montana	35%	76,618
Nebraska	36%	128,643
Nevada	37%	199,024
New Hampshire	34%	105,533
New Jersey	33%	622,649
New Mexico	41%	162,690
New York	38%	1,483,593
North Carolina	43%	811,000
North Dakota	35%	50,626
Ohio	41%	954,400
Oklahoma	45%	322,638
Oregon	39%	313,646
Pennsylvania	41%	1,075,447
Rhode Island	38%	83,683
South Carolina	42%	400,861
South Dakota	36%	60,254
Tennessee	47%	605,008
Texas	42%	2,002,131
Utah	35%	149,980
Vermont	34%	48,279
Virginia	38%	612,746

Source: AARP Public Policy Institute analysis of data from the 2015 NHIS and the 2-15 Behavioral Risk Factor Surveillance System

Without a pre-existing condition coverage requirement, the uninsured population would likely skyrocket. According to Claire Noel-Miller and Jane Sung of the AARP Public Policy Institute, 612,746, or 38 percent of Virginians between the ages of 50 and 64 have a pre-existing condition—that is, a medical issue for which insurers could have declined to offer coverage.⁵ In other words, as can be seen in the table from the AARP on the left, if House Republicans had succeeded in their efforts to undermine the ACA, individual market insurers would have been able to deny these 612,746 Virginians coverage.

Higher Premium Rates

Without the provisions of the ACA, insurance companies would also have the discretion to charge exorbitant premiums for those with pre-existing conditions. Pre-ACA, insurers determined eligibility based on medical underwriting, a process during which applicants fill out lengthy forms detailing their medical history.⁶ Before the ACA was signed, those with pre-existing conditions were charged drastically higher premiums than those without such health problems. Estimates by Sherry A. Glied and Adlan Jackson of New York University’s Robert F. Wagner Graduate

School of Public Service suggest that repealing the ACA could triple average out-of-pocket costs for those with cancer and diabetes and increase costs for arthritis, asthma, and hypertension care by 27 to 39 percent.⁷ HB 2411 only would have exacerbated premium rates and made it tremendously harder for individuals with pre-existing conditions to afford care. An analysis of a 2017 GOP repeal plan of the ACA by the Center for American Progress reveals that becoming pregnant would raise premium costs by \$17,320 and patients with metastatic cancer would be charged \$142,650 more in insurance costs.⁸ Moreover, because older adults are more likely to have debilitating illnesses, they would have been particularly vulnerable to the higher cost of receiving care if HB 2411 had passed. The ACA, however, bars insurance companies from hiking premiums and limits annual out-of-pocket spending for health insurance plans to \$7,900 per individual.⁹ This price ceiling guarantees that life-saving treatments that might otherwise be too costly for some are accessible.

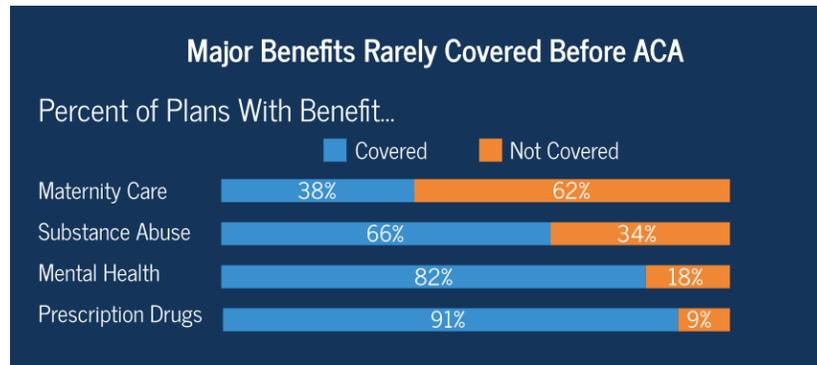
Exhibit 3. Mean Annual Out-of-Pocket Spending for Preexisting Conditions Under Current Law and Under Proposed Republican Senate Bill

Preexisting condition	Mean annual out-of-pocket spending under current law	Mean annual out-of-pocket spending under proposed bill	Increase in mean annual out-of-pocket spending
Arthritis	\$1,160	\$1,610	\$450
Asthma	\$1,050	\$1,420	\$370
Cancer	\$1,190	\$3,560	\$2,370
Diabetes	\$1,270	\$3,790	\$2,520
High blood pressure	\$950	\$1,210	\$260

Data: Analysis of 25-to-64-year-old adults with full-year private insurance in the 2014–2016 Medical Expenditure Panel Survey; and *Ensuring Coverage for Patients with Pre-Existing Conditions Act*, S. 3388, 115th Cong. (2018).

Fewer Coverage Benefits

Absent ACA protections, gaps in coverage widen. This is because health insurance providers were allowed to cut benefits for enrollees before the ACA was enacted. The Assistant Secretary for Planning and Evaluation (ASPE), which advises the Secretary of the U.S. Department of Health and



Human Services (HHS), estimates that in 2011, 62 percent of people in the individual market had health insurance plans that did not include maternity care, 34 percent lacked substance use treatment, 18 percent did not cover mental health, and 9 percent had no prescription drug coverage.¹⁰ If an individual

needed care in 2011 that was excluded from their health insurance plan, they had to foot a prohibitively expensive bill. After the ACA was ratified, by contrast, all health insurance plans were required to cover ten categories of service, or essential health benefits (EHBs).¹¹ This prevented insurance companies from limiting specific health services based on one’s medical condition. The ASPE study also notes that following full ACA implementation, 8.7 million Americans nationwide gained maternity coverage, 4.8 million gained substance abuse coverage, 2.3 million gained mental health coverage, and 1.3 million gained prescription drug coverage.¹² HB 2411 would have reversed these trends and blocked Virginians from obtaining critical treatment.

Conclusion

If HB 2411 had been approved, it would have been significantly more challenging for hundreds of thousands of Virginians to access affordable health insurance and thus affordable medical care. The Republican supporters of HB 2411 are listed in the appendix.

¹ <https://lis.virginia.gov/cgi-bin/legp604.exe?171+sum+HB2411>

² <https://lis.virginia.gov/cgi-bin/legp604.exe?171+amd+HB2411AG>

³ <https://www.commonwealthfund.org/publications/issue-briefs/2017/jun/access-coverage-and-care-people-preexisting-conditions-how-has>

⁴ <https://www.census.gov/content/dam/Census/library/publications/2017/demo/p60-260.pdf>

⁵ <https://www.aarp.org/content/dam/aarp/ppi/2017-01/ACA-Protects-Millions-of-Older-Adults-with-Preexisting-Health-Conditions-PPI-AARP.pdf>

⁶ <https://www.cbpp.org/research/health/eliminating-federal-protections-for-people-with-health-conditions-would-mean-return>

⁷ https://www.commonwealthfund.org/sites/default/files/2018-11/Glied_preexisting_condition_coverage_ib.pdf

⁸ <https://www.americanprogress.org/issues/healthcare/news/2017/04/20/430858/latest-aca-repeal-plan-explode-premiums-people-pre-existing-conditions/>

⁹ <https://www.healthcare.gov/glossary/out-of-pocket-maximum-limit/>

¹⁰ <https://aspe.hhs.gov/system/files/pdf/76356/ib.pdf>

¹¹ <https://www.cms.gov/ccio/resources/data-resources/ehb.html>

¹² See note 10

Appendix – House Republicans Running in the 2019 General Election Who Voted for HB 2411

Adams, Les	HD-16	Knight, Barry	HD-81
Austin, Terry	HD-19	LaRock, Dave	HD-33
Bell, Rob	HD-58	Leftwich, Jay	HD-78
Bloxom, Rob	HD-100	Marshall, Danny	HD-14
Byron, Kathy	HD-22	Minchew, Randy	HD-10
Campbell, Jeff	HD-6	Miyares, Jason	HD-82
Cole, Mark	HD-88	O'Quinn, Israel	HD-5
Collins, Chris	HD-29	Orrock, Bobby	HD-54
Cox, Kirk	HD-66	Pillion, Todd	HD-40
Davis, Glenn	HD-84	Poindexter, Charles	HD-9
Edmunds, James	HD-60	Ransone, Margaret	HD-99
Fowler, Buddy	HD-55	Robinson, Roxann	HD-27
Freitas, Nick	HD-30	Rush, Nick	HD-7
Gilbert, Todd	HD-15	Stolle, Chris	HD-83
Head, Christopher	HD-17	Ware, Lee	HD-65
Hodges, Keith	HD-98	Webert, Michael	HD-18
Holcomb, Rocky	HD-85	Wilt, Tony	HD-26
Hugo, Tim	HD-40	Wright, Tommy	HD-61
Jones, Chris	HD-76	Yancey, David	HD-94
Kilgore, Terry	HD-1		