

Insight on the Issues

In Health Reform, Stakes are High for Older Americans with Preexisting Health Conditions

Claire Noel-Miller and Jane Sung
AARP Public Policy Institute

As Congress considers changes to the Affordable Care Act (ACA), a key issue will be ensuring that people with preexisting health conditions have access to affordable health insurance coverage. The ACA protects individuals with preexisting conditions by prohibiting insurance companies from considering people's health when they apply for coverage. Without these protections, four out of 10 adults ages 50 to 64—or about 25 million people in this age group—could be denied health coverage because of a preexisting condition if they sought to buy an individual plan.

As Congress considers changes to the Affordable Care Act (ACA), a key issue will be ensuring that people with preexisting health conditions have access to affordable health insurance coverage. The ACA bans insurance companies from denying coverage, charging higher premiums, and imposing coverage limits or exclusions to people with preexisting health conditions.¹ These protections are especially important to ensuring that older adults have access to adequate and affordable health insurance, because they are more likely than younger people to have health problems.²

This *Insight on the Issues* examines the impact that eliminating or weakening the ACA's protections for people with preexisting conditions would have on the 63 million Americans³ who are between the ages of 50 and 64. We build

on a recent analysis⁴ of preexisting conditions in the entire adult population to estimate how many older adults in the 50–64 age group have a preexisting condition that could trigger insurers' refusal to sell them an individual health insurance policy under pre-ACA practices.

UNDER CURRENT LAW, INSURANCE COMPANIES CANNOT DISCRIMINATE BASED ON PEOPLE'S HEALTH

The ACA prohibits insurance companies from considering people's health to determine whether and under what terms to sell them health insurance coverage. Under the law, insurers cannot deny people coverage because of a current or past health problem (called a declinable health condition) or because they take certain medications. This guarantees access to health coverage for people



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with preexisting conditions. The law also bans insurers from charging higher premiums and from placing coverage exclusions or limitations based on people's health.

Prior to the ACA, this practice—known as medical underwriting—was prevalent for people who bought insurance on their own in the nongroup (individual) health insurance market.⁵ As a result, health coverage was out of reach for millions of Americans. Many others were offered only prohibitively expensive health insurance, had an individual plan that did not cover certain conditions, or were covered by ineffective policies with limitations and waiting periods.

THE IMPORTANCE OF PREEXISTING CONDITIONS PROTECTIONS FOR OLDER ADULTS

About 16 million adults purchase insurance on their own in the individual market. Approximately 6 million of them (39 percent) are between the ages of 50 and 64.⁶ Older adults turn to the nongroup market for many reasons, including being between jobs, becoming self-employed, or retiring before they qualify for Medicare coverage.

The ACA's protections for people with preexisting conditions are especially important for older adults. That is because as people age, they tend to develop more health problems, including chronic conditions like congestive heart failure, rheumatoid arthritis, and kidney disease.⁷ Therefore, under medical underwriting practices, older adults are more vulnerable to being denied coverage⁸ or to facing higher premiums on the nongroup market.⁹ Older adults would also be more likely to be offered an individual plan that does not cover the condition or disease for which they need insurance. This could result in older adults delaying needed care, not filling prescriptions, and ultimately experiencing worse health outcomes.

KAISER FAMILY FOUNDATION REPORT: 27 PERCENT OF 18- TO 64-YEAR-OLDS COULD BE INELIGIBLE FOR NONGROUP COVERAGE DUE TO A PREEXISTING CONDITION

In a recent report,¹⁰ the Kaiser Family Foundation estimated that 52 million adults ages 18–64 have a declinable condition that would lead individual market insurers to deny them coverage if pre-ACA

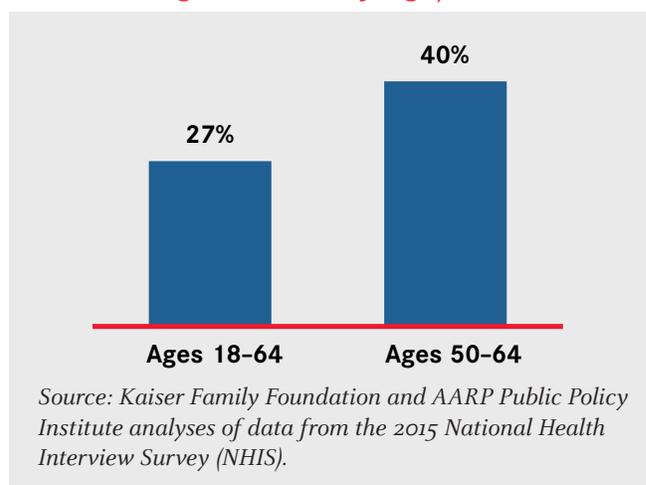
medical underwriting practices were to resume. That represents 27 percent of all adults under age 65.¹¹ The estimate includes people who do not currently face medical underwriting because they get their health insurance through an employer or a public program—but may be denied coverage if they lose their insurance and need to turn to the nongroup market.

BUILDING ON THE KAISER FAMILY FOUNDATION REPORT: DECLINABLE PREEXISTING CONDITIONS AMONG OLDER ADULTS AGES 50–64

We found that the prevalence of declinable health conditions is disproportionately higher among older adults ages 50–64 than among those ages 18–64¹² (see appendix for detailed methods and a list of conditions included in the analysis). We estimate that 40 percent of 50- to 64-year-olds could be denied coverage in the individual market if the ACA's consumer protections for people with preexisting conditions were repealed (figure 1). Our results are consistent with a recent report from the Assistant Secretary for Planning and Evaluation that estimated the share of people ages 55–64 with a preexisting condition to be 49 percent.¹³

We estimate that about 25 million 50- to 64-year-old adults nationwide have a preexisting health condition

FIGURE 1
Percent of Adults with a Declinable Preexisting Condition under Pre-ACA Medical Underwriting Practices by Age, 2015



that could result in insurers denying them coverage if they sought to buy a plan in the individual market without the ACA's protections (table 1).

Note that our estimate of older adults who would have a declinable preexisting health condition is understated because we could only account for a

subset of all declinable health conditions in our data, and we did not include medication use that would trigger coverage denials.

The estimate also does not reflect the full impact of losing the ACA's preexisting condition protections because it does not account for individuals who

TABLE 1
Percent and Number of Adults Ages 50 to 64 with a Declinable Preexisting Condition under Pre-ACA Medical Underwriting Practices Nationwide and by State, 2015

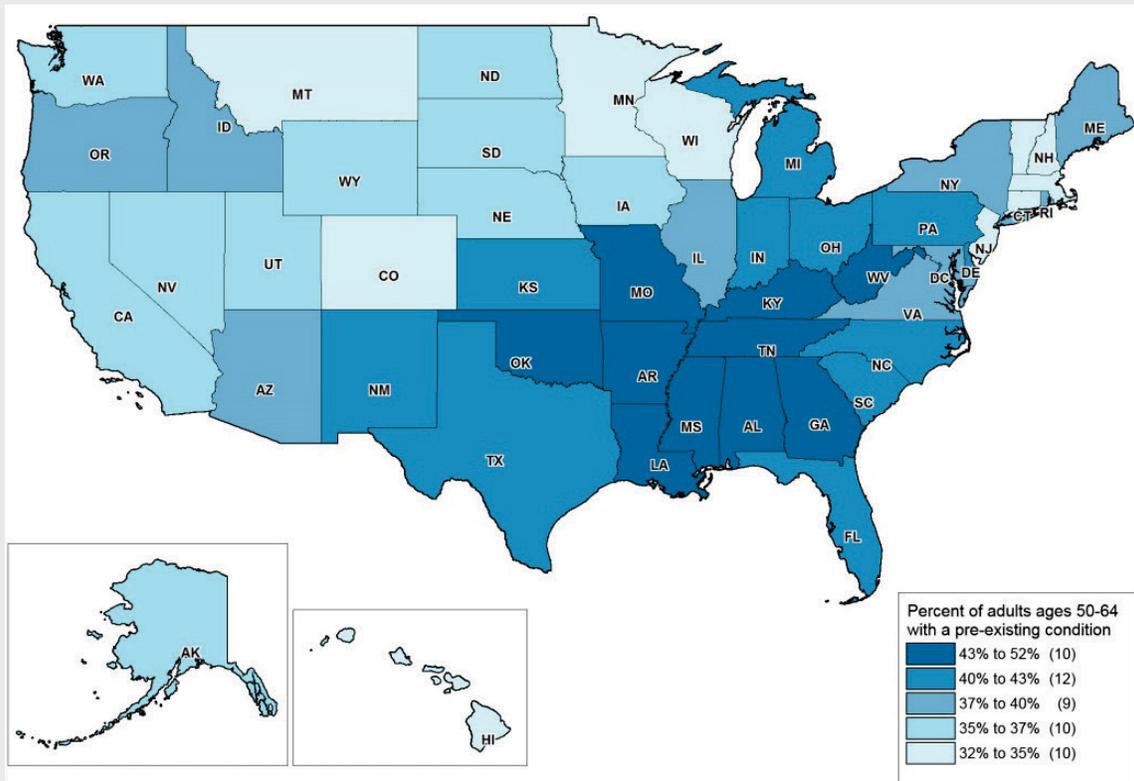
State	50-64-Year-Olds with Declinable Preexisting Health Condition		State	50-64-Year-Olds with Declinable Preexisting Health Condition	
	Percent of 50-64 Population	Number of Adults Ages 50-64		Percent of 50-64 Population	Number of Adults Ages 50-64
US	40%	24,845,134*	Missouri	43%	508,035
Alabama	48%	464,767	Montana	35%	76,618
Alaska	36%	50,801	Nebraska	36%	128,643
Arizona	39%	481,546	Nevada	37%	199,024
Arkansas	52%	280,820	New Hampshire	34%	105,533
California	37%	2,616,077	New Jersey	33%	622,649
Colorado	32%	339,322	New Mexico	41%	162,690
Connecticut	35%	270,118	New York	38%	1,483,593
Delaware	42%	80,756	North Carolina	43%	811,000
District of Columbia	43%	47,217	North Dakota	35%	50,626
Florida	40%	1,605,864	Ohio	41%	954,400
Georgia	45%	856,903	Oklahoma	45%	322,638
Hawaii	34%	93,366	Oregon	39%	313,646
Idaho	37%	108,900	Pennsylvania	41%	1,075,447
Illinois	37%	918,243	Rhode Island	38%	83,683
Indiana	42%	554,281	South Carolina	42%	400,861
Iowa	36%	217,777	South Dakota	36%	60,254
Kansas	41%	220,952	Tennessee	47%	605,008
Kentucky	50%	444,285	Texas	42%	2,002,131
Louisiana	44%	393,199	Utah	35%	149,980
Maine	40%	123,155	Vermont	34%	48,279
Maryland	39%	477,584	Virginia	38%	612,746
Massachusetts	34%	470,798	Washington	37%	514,389
Michigan	41%	854,882	West Virginia	50%	191,737
Minnesota	32%	355,517	Wisconsin	34%	399,515
Mississippi	50%	278,040	Wyoming	37%	42,719

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

* Total for 50 states and the District of Columbia does not add up to US total because the national figure includes 9,291 residents of Guam and 304,831 residents of Puerto Rico.

FIGURE 2

Percent of Adults Ages 50 to 64 with a Declinable Preexisting Condition under Pre-ACA Medical Underwriting Practices, 2015



Source: AARP Public Policy Institute Analysis of data from the 2015 Behavioral Risk Factor Surveillance System (BRFSS).

would face higher premiums, coverage exclusions, or limitations, due to their health.

WIDE STATE-BY-STATE VARIATION IN THE PREVALENCE OF DECLINABLE PREEXISTING CONDITIONS AMONG OLDER ADULTS

Our analysis also revealed large differences among states in the share and total number of 50- to 64-year-olds with a preexisting condition that would leave them uninsurable in the nongroup market (figure 2 and table 1). At the low end, in some states—Colorado, Minnesota, and New Jersey—roughly a third of all adults ages 50–64 have a preexisting condition. The corresponding rates are significantly higher in some southern states—Mississippi, West Virginia, Kentucky, and Arkansas—where at least half of those between ages 50 and 64 have a declinable preexisting

condition. California, Texas, and Florida have the highest number of people ages 50–64 with a preexisting condition, at 2.6 million, 2 million, and 1.6 million, respectively.

DISCUSSION

The ACA's protections are critical to ensuring that people with preexisting conditions have access to adequate and affordable health coverage. These protections are especially important for older adults, because they are more likely to have health problems than younger people. Our study found that 40 percent of Americans between the ages of 50 and 64—or about 25 million people in this age group—have a health condition that would leave them uninsurable in the individual market under pre-ACA medical underwriting practices.

Even changes that weaken rather than fully repeal the health law’s protections would be harmful to older adults. For example, requirements that people maintain continuous coverage to remain exempt from medical underwriting or that people with preexisting conditions seek coverage through a high-risk pool could disproportionately impact older adults because they are more likely to have a preexisting condition.

Along with other provisions in the health law, protections for people with preexisting conditions have led to a drastic reduction in the number of people ages 50–64 without health insurance. The rate of uninsured individuals in this age group dropped from 13 percent in 2012 to 8 percent in 2016¹⁴—partly reflecting a reduction in the number of older adults who were denied coverage because of a preexisting condition.

As Congress considers changes to the ACA, the impact of repealing or weakening the law’s preexisting conditions protections on older adults should be an important consideration. The ACA’s prohibition against health insurers considering people’s health is good public policy that makes

health insurance available and affordable for millions of older and younger Americans with preexisting conditions.

APPENDIX: METHODS

We used a methodology developed by the Kaiser Family Foundation¹⁵ to estimate the percentage and number of older adults between the ages of 50 and 64 with a preexisting condition.

Data

The national estimates are based on the 2015 National Health Interview Survey (NHIS)—a large annual survey representative of the civilian non-institutionalized population of the United States. Because the NHIS sample is too small to provide reliable state-level results, the state estimates come from the 2015 Behavioral Risk Factor Surveillance System (BRFSS). BRFSS collects data about US residents’ chronic health conditions, health-related behaviors, and use of preventive services in all 50 states and the District of Columbia.

Approach

We include individuals between the ages of 50 and 64 with a preexisting condition even if they had

APPENDIX TABLE 1
Declinable Medical Conditions Available in the 2015 NHIS and in the 2015 BRFSS*

Questions on Declinable Conditions Available in Both the NHIS and BRFSS	Questions on Declinable Conditions Available Only in the NHIS
Ever had CHD	Melanoma skin cancer
Ever had angina	Any other heart condition
Ever had heart attack	Crohn’s disease or ulcerative colitis
Ever had stroke	Epilepsy
Ever had COPD	Difficulty due to mental retardation
Ever had emphysema	Difficulty due to cerebral palsy
Chronic bronchitis in past 12 months	Difficulty due to senility
Ever had non-skin cancer	Difficulty due to depression
Ever had diabetes	Difficulty due to endocrine problem
Weak or failing kidneys	Difficulty due to blood-forming organ problem
BMI > 40	Difficulty due to drug/alcohol/substance abuse
Pregnant	Difficulty due to schizophrenia, ADD, or bipolar disorder

* CHD: coronary heart disease, COPD: chronic obstructive pulmonary disease, BMI: body mass index, ADD: attention deficit disorder.

health coverage through an employer or a public program at the time of the survey—and were therefore not subject to medical underwriting. Our estimates represent the percentage and share of older adults who could be ineligible for health insurance under pre-ACA practices because of a preexisting condition, if they were to seek coverage in the individual market. We do not include people who could be declined coverage based on their medication use under pre-ACA medical underwriting practices. Neither do we account for people who would be eligible for health coverage, but could face expensive premiums, high deductibles, or coverage limitations or exclusions.

Methods: National Estimates

We derived weighted counts and percentages of all NHIS respondents ages 50 to 64 who reported having at least one of the conditions listed in appendix table 1. Kaiser Family Foundation researchers consulted field underwriting manuals used in the individual market before the ACA to establish this list of commonly declinable conditions.

Methods: State-Level Estimates

To obtain state-level estimates, we first predicted the percent of the US population ages 50 to 64 with at least one of the declinable conditions in appendix table 1, using the BRFSS dataset. Our prediction model included three variables: (1) a measure of whether the respondent had any of the conditions recorded in both BRFSS and NHIS (left column of appendix table 1), (2) the respondent's age, and (3) whether the respondent was in fair or poor health. The predicted national prevalence for preexisting conditions among adults ages 50 to 64 in BRFSS (42 percent) was only slightly higher than the national prevalence based on the NHIS (40 percent). We then calibrated the national rate in the BRFSS data to that based on the NHIS, by applying General Regression Estimator. We calculated state-specific number and percentage of adults 50 to 64 with a preexisting condition based on this calibrated BRFSS sample.

Limitation

Our figures underestimate the number of adults ages 50 to 64 with a preexisting condition, because information on some declinable conditions pre-ACA (e.g., hepatitis C, HIV/AIDS) was unavailable or not sufficiently detailed in the data.

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- 1 These protections do not apply to policies purchased before March 23, 2010 that were grandfathered in the ACA.
 - 2 National Center for Health Statistics, "Table 39," in *Health, United States, 2015* (Hyattsville, MD, 2016), <https://www.cdc.gov/nchs/data/hus/hus15.pdf>.
 - 3 AARP Public Policy Institute analysis of US Census Bureau American Community Survey 2011–2015, five-year estimates.
 - 4 G. Claxton, C. Cox, A. Damico, L. Levitt, and K. Pollitz, "Pre-existing Conditions and Medical Underwriting in the Individual Insurance Market Prior to the ACA," Issue Brief, Kaiser Family Foundation, Washington, D.C., December 2016, <http://kaiserf.am/2hJ7kNV>.
 - 5 The individual market includes plans sold on Health Insurance Marketplaces created by the ACA, as well as coverage sold directly to consumers outside of the Marketplaces.
 - 6 Estimate of 2016 enrollment based on the Urban Institute's Health Insurance Simulation Model.
 - 7 National Center for Health Statistics, "Table 39."
 - 8 Based on data from America's Health Insurance Plans, the Government Accountability Office found that pre-ACA application denial rates increased with age. Applicants under age 18 had a 5 percent denial rate, compared with 29 percent for applicants ages 60 to 64. See United States Government Accountability Office, *Private Health Insurance: Data on Application and Coverage Denials* (Washington, D.C., March 2011), <http://www.gao.gov/assets/320/316699.pdf>.
 - 9 G. Smolka, M. Multack, and C. Figueiredo, "Health Insurance Coverage for 50- to 64 Year Olds," Insight on the Issues 159, AARP Public Policy Institute, Washington D.C., February 2012, <http://bit.ly/1Vk2wzj>.
 - 10 Claxton, et al., "Pre-existing Conditions."
 - 11 A recent study by the Department of Health and Human Services Office of the Assistant Secretary for Planning and Evaluation reported similar numbers, estimating that 61 million Americans under age 65 (23 percent of this population) have a preexisting condition. See Office of the Assistant Secretary for Planning and Evaluation (ASPE), "Health Insurance Coverage for Americans with Pre-Existing Conditions: The Impact of the Affordable Care Act," Issue Brief, ASPE, Washington, D.C. January 2017.
 - 12 We replicated the Kaiser Family Foundation report's methodology to estimate the total number of older adults between the ages of 50 and 64 with a preexisting condition that would make them uninsurable in the individual market under pre-ACA underwriting practices (see appendix for more details).
 - 13 ASPE, "Health Insurance Coverage."
 - 14 Commonwealth Fund, "Exhibit 3," in *Biennial Health Insurance Survey 2016, Chartpack* (Washington, D.C.: 2017), <http://www.commonwealthfund.org/interactives-and-data/surveys/biennial-health-insurance-surveys/2017/2016-biennial-health-insurance-survey>.
 - 15 Claxton, et al., "Pre-existing Conditions."

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