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POLICY BRIEF

Pre-existing Conditions in West Virginia

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Introduction

West Virginians disproportionately suffer from higher rates of illness, disease and disability. As a result, West Virginians also have some of the nation's highest rates of pre-existing conditions. These are health conditions which were diagnosed or treated by a provider prior to the purchase of insurance. They are also those conditions undiagnosed by a physician for which a "prudent" person would have sought care.

Until the Affordable Care Act (ACA) established a series of consumer protections,¹ individuals affected by pre-existing conditions were generally unable to purchase insurance on their own. However, recently these protections have come under threat by Congressional and legal action.

This brief seeks to assess how West Virginians would be affected if these efforts are successful by providing estimates for the number of West Virginians affected by pre-existing conditions. Overall, it finds that 720,000 non-elderly West Virginians suffer from pre-existing conditions that would make it hard if not impossible to obtain health insurance subject to medical underwriting.

Situation Before the Affordable Care Act

Before the insurance market reforms of the ACA become law in 2014, Americans were subject to a confusing mix of state and federal laws, regulations, and enforcement. Insurers generally had significant leeway in determining what counted as a pre-existing condition unless a state specifically banned the practice for certain ailments. As a result, a congressional report found 425 medical diagnoses used to decline

coverage.² In eight states these even included suffering from domestic violence³ or rape.⁴

Nationwide, a 2013 study by the Kaiser Family Foundation found that close to 20 percent of applicants were denied insurance coverage because of a pre-existing condition.⁵ A similar study conducted by the Commonwealth Fund in 2007 found that 36 percent of individuals had been turned down or charged a higher price for a pre-existing condition. A poll in the same year found about 50 percent of Americans under age 65 indicated that they or a family member had a pre-existing medical condition.⁶ In the same poll, 25 percent stated that someone in their household had been denied coverage or had been charged more for coverage.

Even when consumers were able to obtain insurance coverage, they were not necessarily protected, as insurers frequently canceled policies retroactively once consumers incurred large costs. This process is called rescission. While the overall extent of the problem is unclear, UnitedHealthcare, WellPoint, and Assurant rescinded close to 20,000 policies between 2003 and 2007 resulting in an estimated \$300 million in savings. Finally, an investigation by the Committee on Energy and Commerce of the U.S. House of Representatives showed that the nation's four largest for-profit insurers had turned down more than 600,000 individuals between 2007 and 2009.² Moreover, during the same period they refused to pay for medical treatment for a pre-existing condition for more than 200,000 claims.

Pre-Existing Conditions and the Affordable Care Act

The ACA sought to solve the issue of pre-existing conditions through a variety of arrangements surrounding the so-called insurance marketplaces.⁷ While mandating that most Americans obtain insurance coverage, it also required insurers to issue insurance to all consumers without taking their medical history into account. The only exception made was to allow for higher premiums based on age and smoking status, an approach referred to as modified community rating. While the mandate to obtain insurance still exists, the Republican-controlled Congress last year eliminated the penalty for non-compliance.

However, covering pre-existing conditions only became meaningful in tandem with certain other reforms. For one, a certain set of minimum benefits, termed Essential Health Benefits,⁸ had to be set in order to not allow insurers to only offer skimpy plans. Moreover, the ACA did away with limitations on how much insurers were willing to spend on an individual in any given year or over their lifetime.⁹ It also provided financial support to those who could not afford premiums or out-of-pocket costs.¹⁰ Without these additional protections, addressing the pre-existing condition issue would have been merely symbolic.

Data, Methodology and Limitations

While the ACA eliminated coverage exclusions for pre-existing conditions, repeated efforts have been undertaken by Congressional Republicans to revert back to the status before the ACA became law.¹¹ Most recently, these efforts were extended to the courts when 20 Republican attorneys general sued to have the ACA and its consumer protections and coverage expansions declared unconstitutional.¹² How would West Virginians be affected if these efforts were to be successful?

Data for this analysis were obtained from the U.S. Census Bureau's 2016 American Community Survey (ACS) provided by the University of Minnesota's Integrated Public Use Microdata Series (IPUMS-USA). The approach follows the Center for American Progress (CAP),¹³ which applies the findings from a study conducted by the U.S. Department of Health and Human Services to the Congressional district level.¹⁴ The approach thus entails all limitations of these studies. Moreover, as West Virginians are disproportionately affected by pre-existing conditions,¹⁵ the findings should serve as conservative estimates for the number of affected individuals in the state. The analysis excludes Medicare-eligible individuals of all ages who are legally protected from any pre-existing condition exclusions.

Table 1: Estimate of the Number of Non-Elderly West Virginians with Pre-existing Conditions by Public Use Micro Area (PUMA)

PUMA	Age Range						Total
	<18	18-24	25-34	35-44	45-54	55-64	
100	5,935	4,431	6,153	8,588	12,207	14,192	51,507
200	6,949	4,406	7,483	10,331	13,736	16,062	58,968
300	5,675	9,200	10,178	9,626	10,674	11,829	57,183
400	12,847	6676	13,498	17,329	23,876	24,392	98,618
500	6,193	4,491	6,225	7,878	11,498	12,698	48,984
600	5,529	3,093	4,960	6,714	10,589	11,402	42,287
700	5,028	2,202	4,718	6,417	9,016	9,442	36,823
800	8,047	6,691	8,195	11,923	12,892	14,935	62,683
900	5,396	2,548	5,346	7,453	8,744	10,058	39,546
1000	9,359	5,313	10,813	12,849	17,818	20,301	76,453
1100	4,871	2,440	4,927	7,107	9,398	11,483	40,225
1200	8,706	5,059	9218	12,778	15,143	16,522	67,427
1300	5,017	2,568	4,564	7,306	8,684	10,099	38,239
State	89,553	59,119	96,278	126,300	164,276	183,416	718,942

Estimates

Based on the methodology established above, close to 720,000 non-elderly West Virginians suffer from a pre-existing conditions that would make it difficult, if not impossible, for them to obtain insurance coverage in the open market without the protections established by the ACA. Particularly affected would be individuals in the age group just below Medicare eligibility with close to 185,000 individuals. However, the number also includes 90,000 children under the age of 18.

Table 2: West Virginia Public Use Micro Areas (PUMAs)

PUMA	Counties
100	Ohio, Marshall, Hancock and Brooke
200	Harrison, Marion, Taylor and Doddridge
300	Monongalia and Preston (Morgantown City)
400	Berkeley, Jefferson, Mineral, Hampshire and Morgan
500	Randolph, Upshur, Barbour, Lewis, Hardy, Grant, Pendleton and Tucker
600	Jackson, Wetzel, Roane, Braxton, Ritchie, Tyler, Gilmer and Calhoun
700	Wood, Pleasants and Wirt
800	Cabell, Wayne and Mason (Huntington City)
900	Putnam, Boone and Lincoln
1000	Kanawha and Clay (Charleston City)
1100	Greenbrier, Nicholas, Summers, Monroe, Webster and Pocahontas
1200	Raleigh, Mercer and Fayette
1300	Logan, Mingo, Wyoming and McDowell

The various parts of the state are affected differentially by the potential elimination of pre-existing conditions protections. Particularly affected are the Eastern Panhandle, the Greater Charleston area, the Greater Huntington area, and Raleigh, Mercer and Fayette Counties.

As previously mentioned, these estimates should be considered as conservative because they are based on nationwide estimates. It has been well established that the prevalence of pre-existing conditions in West Virginia exceeds the national average.

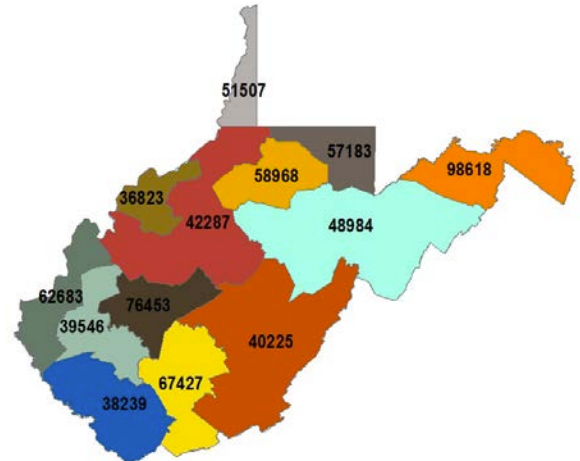


Figure 1: Non-Elderly West Virginians with Pre-existing Conditions by Public Use Micro Area

Conclusion

West Virginians have disproportionately benefitted from the consumer protections and coverage expansions established by the Affordable Care Act. Any reductions would have significant implications for West Virginians, state government, the health care sector and the state's economy. The conservative estimates established here put the number of non-elderly West Virginians potentially affected by the elimination of pre-existing conditions protections just over 700,000. When deciding upon changes to the Affordable Care Act, policymakers should be keenly aware of the significant impact on the state.

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