

NAR Frequently Asked Questions

Health Insurance Reform

ACCESS TO HEALTH INSURANCE

Q-1: How does the health care bill reform health insurance markets?

A: The Acts' health insurance provisions reform the nation's currently dysfunctional individual and small group health insurance markets. They do so by:

- Creating a mechanism – An exchange for individuals and a Small Business Health Options Program exchange (SHOP) for small employers - to create larger insurance pools and simplify the onerous task of shopping for the best insurance policy, whether you're an individual, a family or an employer; and
- Replacing the existing set of 50 different state laws governing health insurance with a uniform set of more consumer-protective underwriting and rating rules.

The Exchanges and SHOP will be "one-stop shops" for finding out what policies are available in a given community, comparing different policies and purchasing both private individual and small business insurance products. The Exchange and SHOP will be open to any insurer who offers a product that meets and abides by the underwriting and rating (i.e. pricing) rules set out by the legislation. In addition, the legislation spells out new underwriting and rating rules policies that would be more consumer-protective than is currently the case under state law. These new rules would be on par with what most people think of when they hear the term "group policy".

Q-2: Could I be denied coverage under the new rules?

A: No. The Acts' underwriting standards require all policies be "guaranteed issue." Insurers cannot turn anyone down for reasons related to pre-existing conditions, current health status, previous claims, age, type of employment, etc.

Q-3. Could my insurer decide to not renew my policy?

A: No. The Acts guarantee that your insurance provider must renew any policy that it has issued and for which you have paid.

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Q-4: Can an insurer rescind or cancel my insurance policy?

A: The Acts ban policy rescissions or cancellations without good cause, i.e. failure to pay premiums associated with a policy, fraud, etc. Health status or health claims are not a basis for cancellation or rescission.

Q-5: Would there be waiting periods to receive insurance coverage?

A: The Acts limit the length of any waiting period to 90 days. In many cases, there will be no waiting period.

Q-6: How will pre-existing conditions be handled?

A: The Acts bar the use of pre-existing conditions as an underwriting factor, so no one can be rejected because of those conditions. Moreover, pre-existing conditions may not be used as a factor in setting premium prices.

Q-7: How will premiums be determined?

A: The Acts reduces the number of factors that insurers can use to determine premium costs:

- Age (How old is the insured?),
- Location/geography (Where does the insured live?),
- Type of policy (What plan is the insured purchasing—individual, couple, parent/child, or family?), and
- Coverage level (How high are the plan's deductibles? How comprehensive is the plan's coverage?)