

## Why GAO Did This Study

Individuals who buy coverage directly from a health insurer are often denied coverage due to a pre-existing condition during a process called medical underwriting, which assesses an applicant's health status and other risk factors. Beginning January 1, 2014, the Patient Protection and Affordable Care Act (PPACA) prohibits health insurers in the individual market from denying coverage, increasing premiums, or restricting benefits because of a pre-existing condition.

GAO was asked to examine the effect of this provision on adults who are 19-64 years old. GAO examined (1) the most common medical conditions that would cause an insurance company to restrict or deny insurance coverage for adults and the average annual costs associated with these conditions, (2) estimates of the number of adults with pre-existing conditions, and (3) the geographic and demographic profile of adults with pre-existing conditions.

To address these three issues, GAO (1) identified four recent studies that narrowly or more broadly identified five lists of conditions likely to result in restricted coverage in the individual insurance market and (2) used the 2009 Medical Expenditure Panel Survey to generate five separate estimates, referred to as estimates 1 through 5. There is no commonly accepted list of pre-existing conditions because each insurer determines the conditions it will use for medical underwriting. We also contacted state insurance department officials in all 50 states and the District of Columbia to confirm information about state insurance protections that currently limit or prohibit medical underwriting.

View [GAO-12-439](#). For more information, contact John E. Dicken at (202) 512-7114 or [DickenJ@gao.gov](mailto:DickenJ@gao.gov).

## PRIVATE HEALTH INSURANCE

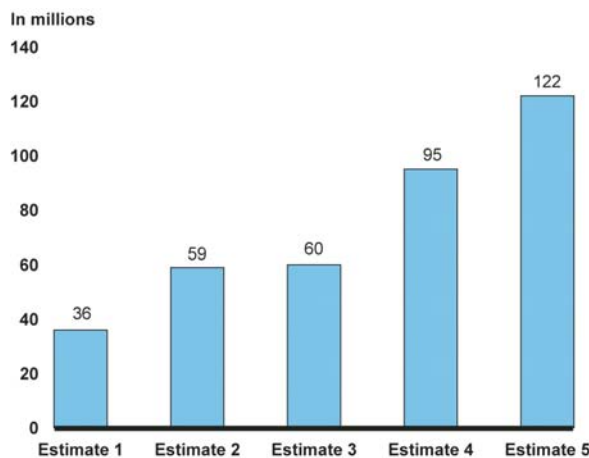
### Estimates of Individuals with Pre-Existing Conditions Range from 36 Million to 122 Million

## What GAO Found

Hypertension was the most commonly reported medical condition among adults that could result in a health insurer denying coverage, requiring higher-than-average premiums, or restricting coverage. GAO's analysis found that about 33.2 million adults age 19-64 years old, or about 18 percent, reported hypertension in 2009. Individuals with hypertension reported average annual expenditures related to treating the condition of \$650, but maximum reported expenditures were \$61,540. Mental health disorders and diabetes were the second and third most commonly reported conditions among adults. Cancer was the condition with the highest average annual treatment expenditures—about \$9,000.

Depending on the list of conditions used to define pre-existing conditions in each of the five estimates, GAO found that between 36 million and 122 million adults reported medical conditions that could result in a health insurer restricting coverage. This represents between 20 and 66 percent of the adult population, with a midpoint estimate of about 32 percent. The differences among the estimates can be attributed to the number and type of conditions included in the different lists of pre-existing conditions. For example, estimate 1, which is the lowest estimate, includes adults reporting that they had ever been told they had 1 or more of 8 conditions. Estimate 3, the midpoint estimate, includes any individual reporting they had one of over 60 conditions. Estimate 5, the highest estimate, includes any individual reporting a chronic condition in 2009.

**Estimates of Adults (Age 19 to 64) with Pre-Existing Conditions, 2009**



Source: GAO analysis of 2009 Medical Expenditure Panel Survey (MEPS).

Note: The 95 percent confidence intervals for estimates in this figure are within +/- 1 percent of the estimates themselves.

The estimated number of adults with pre-existing conditions varies by state, but most individuals, 88-89 percent depending on the list of pre-existing conditions included, live in states that do not report having insurance protections similar to those in PPACA. Compared to others, adults with pre-existing conditions spend thousands of dollars more annually on health care, but pre-existing conditions are common across all family income levels.

The Department of Health and Human Services reviewed a draft of this report and had no substantive or technical comments.