

Rep. Eshoo Introduces Bill to Raise Lifetime Insurance Caps

Thursday, July 17, 2008

Today, Rep. Anna G. Eshoo (D-Palo Alto) introduced the Health Insurance Coverage Protection Act, a bill that will raise lifetime insurance caps to \$10 million.

Most people are unaware that their health insurance could expire when they're healthcare costs have totaled a certain amount, even if it is spent over a lifetime. More than half of all private health insurance policies in the U.S. have lifetime caps on benefits and once the cap is reached, these individuals are released from their healthcare plans and forced to pay their health expenses out of pocket, try to qualify for Medicaid, or seek free care from hospitals or other providers. This is a life-threatening problem for those who have disabilities or chronic illnesses.

According to the Kaiser Family Foundation's 2007 Annual Survey of Employer Health Benefits, over half of employer-sponsored health plans set aggregate lifetime caps on covered benefits, which are most typically set at \$2 - \$3 million.

"This bill addresses a critical lack of coverage for those with disabilities or chronic illnesses. It's a travesty to think that people are job-hopping in order to switch insurance plans or quitting their job all together to access Medicaid. Increasing the minimum lifetime cap will result in a net savings for federal and state governments because individuals with high medical costs can maintain private health insurance."

"As medical treatment costs continue to increase, the issue of lifetime insurance maximums will become even more important. My legislation will protect individuals who are struggling to pay for the expensive medical treatments that are a result of a disability or chronic illness."

H.R. 6528, the Health Insurance Coverage Protection Act will phase in an increase in the lifetime caps placed on private group health insurance plans. Specifically, the bill:

- Stipulates the minimum level of a lifetime cap placed on a group health plan at \$5 million for the first two years and \$10 million in years three and four.
- Provides for an annual adjustment to a group insurance plan's lifetime cap based on the consumer price index in subsequent years.
- Exempts health plans offered to businesses with less than 20 employees, but would require that health plans meeting the parameters of the bill be offered to a small business at the employer's request.
- Calls for an Institute of Medicine study to determine the number of individuals that reach their lifetime caps.

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