

CALNeuro Alliance

AB 2281 (Chan) HIGH DEDUCTIBLE HEALTH PLANS

TALKING POINTS

The California NeuroAlliance supports AB 2281 (Chan) that sets limits on High Deductible Health Plans.

What Are High Deductible Health Plans?

- High Deductible Health Plans (HDHP) are health insurance plans that offer lower premiums but usually have higher annual deductibles and more limitations on the health care benefits.
- HDHP requires the insured person to pay the full deductible amount before the insurance plan pays for any health care service.
- Under federal law, HDHPs is defined as a health insurance plan where the annual deductible is not less than \$1,000 for an individual and \$2,000 for a family, and not more than \$5,000 for an individual and \$10,000 for a family.

Why Are Insurance Companies Publicizing and Marketing HDHPs ?

- Insurance companies have introduced HDHPs to lower the cost of health insurance for employers and individuals.
- In 2003, federal tax changes directly encouraged HDHPs by allowing individuals to establish tax-free Health Savings Accounts (HSAs) on condition that the HSA is combined with a federally approved HDHP.
- Costs of health insurance are shifted from employers to consumers who pay a larger share of cost through the high deductible.
- Consumers will take more responsibility for their health care if they are paying a larger share of the cost.

HDHPs Pose Problems for People with Chronic Illness

- Individuals will be discouraged from seeking appropriate and timely health care as they may not be able to afford paying the share of the cost that is required by the HDHPs
- When consumers have to pay more of their health care costs, they delay or avoid seeking necessary health care services and treatments, thereby potentially increasing the severity of their disability and decreasing their quality of life.
- If the healthiest people select HDHPs, it will leave people with chronic health conditions, like those with neurological conditions, in the traditional insurance market. These people may find health insurance in the individual marketplace unaffordable or even unobtainable.
- HDHPs will discourage the use of preventive care and disease management.

How Does AB 2281 Impact HDHPs?

AB 2281 establishes protections for consumers with health coverage under a HDHP by:

- Limiting the amount health insurance plans can set for the top end of the annual deductible.
- Requiring coverage for preventive care services with no deductible.
- Requiring health plans and health insurers to disclose certain information to consumers about HDHPs so that consumers can make appropriate decisions about their health care coverage.