

Fact Sheet: The Affordable Care Act's New Rules on Preventive Care July 14, 2010

Chronic diseases, such as heart disease, cancer, and diabetes, are responsible for 7 of 10 deaths among Americans each year and account for 75 percent of the nation's health spending – and often are preventable. The Affordable Care Act – the health insurance reform legislation passed by Congress and signed into law by President Obama on March 23 – will help make prevention affordable and accessible by requiring health plans to cover recommended preventive services without charging a deductible, copayment or coinsurance.¹

High-quality preventive care helps Americans stay healthy, avoid or delay the onset of disease, lead productive lives, and reduce costs. And yet, despite the proven benefits of preventive health services, too many Americans go without needed preventive care because of financial barriers. Even families with insurance may be deterred by copayments and deductibles from getting cancer screenings, immunizations for their children and themselves, and well-baby check-ups that they need to keep their families healthy.

President Obama and First Lady Michelle Obama believe a focus on prevention will offer our nation the opportunity to improve the health of all Americans and reduce health care costs. It is an idea that enjoys strong bipartisan support among elected officials as well as among many sectors of society –teachers, business leaders, doctors, nurses and parents. From the Recovery Act to the First Lady's Let's Move Campaign to the Affordable Care Act, the Administration is laying the foundation to help transform the health care system from a system that focuses on treating the sick to a system that focuses on keeping every American healthy.

Today, the Departments of Health and Human Services (HHS), Labor, and the Treasury issued new regulations requiring private health plans to cover evidence-based preventive services and to eliminate cost sharing for preventive care. For new health policies beginning on or after September 23, 2010,¹ preventive services that have strong scientific evidence of their health benefits must be covered and plans can no longer charge a patient a copayment, coinsurance or deductible for these services when they are delivered by a network provider.

Today's announcement builds on other provisions in the Affordable Care Act that support prevention, including the creation of a first-ever National Prevention and Health Promotion Strategy and a Prevention and Public Health Fund to invest in prevention initiatives and, this year, policies to increase the number of primary care professionals to help ensure access to these services. By eliminating cost sharing for preventive care, the new law also helps make it easier and more affordable for seniors on Medicare and Americans enrolled in Medicaid to access critical preventive screenings and services.

¹ To help individuals who like the coverage they have keep it, some plans that were in effect on March 23, 2010 and that were not significantly modified thereafter will be "grandfathered". Grandfathered health plans are not subject to this policy. For more information about the definition of a grandfathered plan, see http://www.healthreform.gov/newsroom/keeping_the_health_plan_you_have.html

Covering High-Value Preventive Services Including New Services for Women and Children

Plans covered by these rules must offer coverage of a comprehensive range of preventive services that are recommended by physicians and other experts without imposing any cost-sharing requirements. Specifically, these recommendations include:

- **Evidence-based preventive services:** The U.S. Preventive Services Task Force, an independent panel of scientific experts, ranks preventive services based on the strength of the scientific evidence documenting their benefits. Preventive services with a “grade” of A or B, like breast and colon cancer screenings, screening for vitamin deficiencies during pregnancy, screenings for diabetes, high cholesterol and high blood pressure, and tobacco cessation counseling will be covered under these rules.
- **Routine vaccines:** Health plans will cover a set of standard vaccines recommended by the Advisory Committee on Immunization Practices ranging from routine childhood immunizations to periodic tetanus shots for adults.
- **Prevention for children:** Health plans will cover preventive care for children recommended under the *Bright Futures* guidelines, developed by the Health Resources and Services Administration with the American Academy of Pediatrics. These guidelines provide pediatricians and other health care professionals with recommendations on the services they should provide to children from birth to age 21 to keep them healthy and improve their chances of becoming healthy adults. The types of services that will be covered include regular pediatrician visits, vision and hearing screening, developmental assessments, immunizations, and screening and counseling to address obesity and help children maintain a healthy weight.
- **Prevention for women:** Health plans will cover preventive care provided to women under both the Task Force recommendations and new guidelines being developed by doctors, nurses, and scientists, which are expected to be issued by August 1, 2011.

Guidelines for preventive services are regularly updated to reflect new scientific and medical advances. As new services are approved, health plans will be required to cover them with no cost sharing for plan years beginning one year later. A full list of the covered services is available at www.HealthCare.gov/center/regulations/prevention.html.

What This Means for You

Depending on your age and health plan type, you may gain easier access to such services as:

- Blood pressure, diabetes, and cholesterol tests;
- Many cancer screenings;
- Counseling from your health care provider on such topics as quitting smoking, losing weight, eating better, treating depression, and reducing alcohol use;

- Routine vaccines for diseases such as measles, polio, or meningitis;
- Flu and pneumonia shots;
- Counseling, screening and vaccines for healthy pregnancies; and
- Regular well-baby and well-child visits, from birth to age 21.

Removes Financial Barriers to Preventive Care

The new rules – which eliminate cost sharing for preventive services – will bring peace of mind to many Americans who delay or skip important preventive care because of costs.²

Nationally, Americans use preventive services at about half the recommended rate.³ An estimated 11 million children and 59 million adults have private insurance that does not cover adequately cover immunization, for instance.⁴ Cost sharing (including deductibles, coinsurance, or copayments) reduces the likelihood that preventive services will be used. One study found that the rate of women getting a mammogram went up as much as 9 percent when cost sharing was removed.⁵

Extending Benefits to Up to 88 Million Americans

Next year, an estimated 31 million people in new employer plans and 10 million people in new individual plans will benefit from the new prevention provisions under the Affordable Care Act. The number of individuals in employer plans who will benefit from the prevention provisions is expected to rise to 78 million by 2013, for a total potential of 88 million Americans whose prevention coverage will improve due to the new policy. Many of the 98 million people in group health plans that are expected to be “grandfathered” and thus not subject to these regulations already have preventive services coverage.

While the estimated effect on premiums of this policy is roughly 1.5 percent on average, there are significant out-of-pocket savings for Americans who currently have no or limited coverage of preventive services. The new rules could provide significant savings for Americans in greatest need of important, potentially life-saving preventive services. For example, guidelines suggest that a 58-year old woman who is at risk for heart disease should receive a mammogram, a colon cancer screening, a Pap test, a diabetes test, a cholesterol test, and an annual flu shot; under a

² Health plans may charge cost sharing if such services are provided by doctors outside of the health plans’ provider networks, but may not charge cost sharing for an office visit made primarily to receive preventive services that are not separately billed from other services.

³ McGlynn, E.A., S.M. Asch, J. Adams, J. Keeseey, J. Hicks, A. DeCristofaro, and E.A. Kerr. “The Quality of Health Care Delivered to Adults in the United States.” *The New England Journal of Medicine*, vol. 348, no. 26, June 26, 2003: 2635–2645.

⁴ Institute of Medicine, *Financing vaccines in the 21st century: assuring access and availability*. Washington, D.C.: National Academies Press, 2003.

⁵ Solanki G., Halpin Schauffler, H., Miller, L.S. “The Direct and Indirect Effects of Cost-Sharing on the Use of Preventive Services,” *Health Services Research*, vol. 34, no. 6, February 2000, pp. 1331-1350.

typical insurance plan, these tests could cost more than \$300 out of her own pocket.⁶

The proven benefits of preventive services include short- and long-term effects on people's health, productivity and the nation's health care costs:

- **Improved health:** One study found that effective delivery of just five preventive services – colorectal and breast cancer screening, flu vaccines, and counseling on smoking cessation and regular aspirin use – could avert 100,000 deaths each year.⁷ In addition, effective cancer screening and early and sustained treatment could reduce the cancer death rate by 29 percent.⁸
- **Greater workplace productivity:** Health problems are a major drain on the economy, resulting in 69 million workers reporting missed days due to illness each year, and reducing economic output by \$260 billion per year.⁹ Some of this can be averted by increasing the use of proven preventive services.
- **Reduced health care costs:** One of the major health care cost drivers in the U.S. is the rise of obesity and its related illnesses. Obese individuals have health care costs 39 percent above average. Providing obesity reduction services and reducing disease related to obesity could lower premiums overall by 0.05 to 0.1 percent. Other studies have found cost savings associated with other preventive services: for example, every dollar spent on immunizations could save \$5.30 on direct health care costs and \$16.50 on total societal costs of disease.¹⁰ A review of preventive services by the National Commission on Prevention Priorities found that, in addition to childhood immunizations, two of the recommended preventive services – discussing aspirin use with high-risk adults and tobacco use screening and brief intervention – are cost-saving in populations under 65. By itself, tobacco use screening with a brief intervention was found to save an average of more than \$500 per smoker.

Builds on Other Initiatives to Promote Prevention

Prevention and Public Health Fund: The Affordable Care Act makes an unprecedented investment – \$15 billion over 10 years – in health care programs and providers to prevent disease, detect it early, and manage conditions before they become severe. For fiscal year 2010, \$500 million is dedicated to improving community and clinical [prevention efforts](#), improving research and data collection and increasing the number of [primary care professionals](#).

Prevention and Wellness in Medicare and Medicaid: The Affordable Care Act also provides for prevention without cost sharing under Medicare. On June 25, HHS issued [new rules](#) to eliminate cost sharing for recommended preventive services delivered by Medicare and to

⁶ This assumes 25% coinsurance for a \$1,000 colonoscopy, \$80 for a mammogram, and \$50 for the Pap smear. In addition, it assumes \$10 each for the cholesterol test, diabetes test, and flu shot.

⁷ Woolf, S. A Closer Look at the Economic Argument for Disease Prevention. *JAMA* 2009; 301(5):536-538.

⁸ Curry, S.J., Byers, T. and Hewitt, M., eds. 2003. *Fulfilling the Potential of Cancer Prevention and Early Detection*. Washington, DC: National Academies Press.

⁹ Davis, K. Collins, S.R., Doty, M.M. Ho, A., and Holmgren, A.L., *Health and Productivity Among U.S. Workers*. The Commonwealth Fund, August 2005

¹⁰ Fangjun Z. et al. Economic Evaluation of the 7-Vaccine Routine Childhood Immunization Schedule in the United States. *Archives of Pediatric and Adolescent Medicine* 2005; 159(12): 1136-1144.

provide Medicare coverage – with no copayment or deductible – for an annual wellness visit that includes a comprehensive health risk assessment and a 5 to 10 year personalized prevention plan, starting in 2011. The new law will also provide enhanced Federal Medicaid matching funds to States that offer evidence-based prevention services.

Prevention and Public Health Council: The Affordable Care Act creates a National Prevention, Health Promotion, and Public Health Council, composed of senior government officials, to coordinate Federal prevention activities and design a National Prevention and Health Promotion Strategy with input from stakeholders and communities across the country to promote the nation's health.

Let's Move: The First Lady's Let's Move initiative gives parents the support they need to keep their kids healthy and happy by providing healthier food in schools, helping our kids to be more physically active, and making healthy, affordable food available in every part of our country.

Recovery Act: Provides \$1 billion for community-based initiatives, tobacco cessation activities, chronic disease reduction program, and efforts to reduce health-care-acquired infections.