



## **NATIONAL HEMOPHILIA FOUNDATION**

*for all bleeding and clotting disorders*

### **FACT SHEET – INCREASE LIFETIME INSURANCE CAPS**

**Senate Request:** Co-Sponsor S. 2706, the Health Insurance Coverage Protection Act, which raises the minimum lifetime cap on health insurance policies to allow people with high-cost chronic disorders to maintain private health insurance.

S. 2706 was introduced on March 5, 2008 by Senator Byron Dorgan (D-ND). The legislation increases minimum lifetime caps on private health insurance plans to \$10 million and provides an annual update for inflation thereafter. Increasing the minimum lifetime cap will likely result in savings for federal and state governments by allowing individuals with high medical costs to maintain private insurance rather than be forced onto Medicare and Medicaid. Moreover, there is no cost to the federal government in raising lifetime caps.

#### **Facts about Lifetime Caps**

- Lifetime caps are aggregate spending limits placed on insurance benefits; once they are met the policy no longer provides coverage. First established by the insurance industry in the early 1970s, a \$1 million lifetime cap established then would be \$10.1 million today if indexed for medical inflation.
- In 2000, it was estimated that 2,500 people would exceed their lifetime cap each year. Since medical costs have far outstripped the rate of inflation, it is likely that the number of people hitting their caps is far greater today.
- Current insurance data indicate that a majority of Americans have lifetime caps on their insurance policies. According to the Kaiser Family Foundation, 55% of Americans who receive employer-sponsored health insurance face a cumulative lifetime limit – 40% of them have a cap of \$2 million or less. America's Health Insurance Plans reports that 88% of people who purchase individual insurance plans have lifetime caps typically set at \$3 million-\$4 million.

#### **Facts about Bleeding Disorders**

- Hemophilia is a rare chronic bleeding disorder affecting about 20,000 people in the United States. People with hemophilia require life-long treatment with high-cost clotting factor medications.
- Costs for clotting factor medications typically range between \$150,000 and \$250,000 a year per person. However, the development of an inhibitor (immune response to the usual clotting factor treatment), trauma, needed surgery or a variety of other complications can elevate the cost in a given year to \$1 million dollars or more.
- For people with bleeding disorders covered by an insurance plan with a lifetime cap of \$2 million or less, their benefit limit may be reached in just a few years—or sooner if they develop complications. Even if they are able to find a way to maintain coverage, in the process they are often forced to make drastic choices that affect their employment, place of residence or even family life.

**Please Co-Sponsor S. 2706 – The Health Insurance Coverage Protection Act!**

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