

# Bans on Lifetime and Annual Cost Caps

## Protect Cancer Patients



Current federal requirements prohibit most insurance plans from limiting both the lifetime and annual dollar value of benefits.<sup>1,2</sup> This ban is one of several important patient protections that must be part of any health care system that works for cancer patients.

### *What Are Annual Limits?*

Prior to the current requirements in the health care law, health insurance plans could set a limit on the annual amount they would spend on an enrollee's health benefits. Once the enrollee hit this cap, the health plan would stop paying for any covered products or services, leaving the enrollee to pay for the full cost of treatments for the rest of the year. Some health care plans would impose annual caps as low as \$2,000 per year. Other health plans would impose caps on certain services (like radiology) and/or limit the number of doctor's visits that were covered each year.<sup>3</sup>

### *What Are Lifetime Limits?*

Prior to 2014, health insurance plans could place a limit on the lifetime amount they would spend on an enrollee's health benefits. Once the enrollee hit this lifetime cap, the health plan would stop providing coverage. According to one estimate, prior to 2014, 105 million Americans were enrolled in health plans that imposed a lifetime limit.<sup>4</sup> The amount of the lifetime limits would vary from plan to plan. In 2007, one percent of individuals with coverage through an employer had caps below \$1 million and 22 percent had caps from \$1-\$2 million.<sup>5</sup>

### *Why is it Important for Cancer Patients that Lifetime and Annual Caps Are Prohibited?*

Cancer patients and survivors often have high treatment costs and hit their annual and/or lifetime cap on health services. According to one study, prior to the enactment of the current protections one in ten cancer patients responding to the survey reached the limit of what their insurance plan would pay for their cancer treatment.<sup>6</sup>

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<sup>1</sup> Unlike many other consumer protections, the annual and lifetime limit protection apply to grandfathered plans. Note that the prohibition on annual limits does not apply to grandfathered health plans sold in the individual market.

<sup>2</sup> Current law permits these health plans from imposing annual and lifetime limits for health care services that are not essential health benefits.

<sup>3</sup> American Cancer Society and Kaiser Family Foundation, *Spending to Survive: Cancer Patients Confront Holes in the Health Insurance System*, Feb. 2009, available at <http://www.cancer.org/acs/groups/content/@corporatecommunications/documents/document/acsq-017518.pdf>.

<sup>4</sup> Office of the Assistant Secretary for Planning and Evaluation, U.S. Department of Health & Human Services, *Under the Affordable Care Act, 105 Million Americans No Longer Face Lifetime Limits on Health Benefits*, available at <https://aspe.hhs.gov/basic-report/under-affordable-care-act-105-million-americans-no-longer-face-lifetime-limits-health-benefits>.

<sup>5</sup> Kaiser Family Foundation and Health Research & Educational Trust. 2007 Kaiser/HRET Employer Health Benefits Survey. 2007 (#7672).

<sup>6</sup> USA Today/Kaiser Family Foundation/Harvard School of Public Health. National Survey of Households Affected by Cancer. November 2006.