



# *The Patients' Bill of Rights*

## **Making sure your policy can't be canceled unfairly**

*The Patient Protection and Affordable Care Act (Affordable Care Act) offers you several new protections that are known as the "Patients' Bill of Rights." This fact sheet explains how the Patients' Bill of Rights protects consumers against an insurer unfairly canceling their policy.*

One troubling health insurance industry practice that has gained attention recently is known as "rescission." A rescission occurs when an insurer retroactively cancels an enrollee's policy (usually when the enrollee needs expensive care), blaming it on an error that the enrollee made. For example, an insurer may rescind an enrollee's policy based on incorrect information that was included in the enrollee's application for coverage (even if the enrollee completed the application months or years ago). The errors in question can be as minor as forgetting to mention a particular doctor visit or a prescription drug taken in the past. Or, an insurer might rescind a policy if an enrollee forgets to notify an insurer when his or her employment status has changed from full-time to part-time. When an insurer rescinds a policy, it cancels the policy retroactively and may demand that the enrollee pay back money for any medical bills that the insurer covered in the past. Rescissions blindside enrollees, leaving them to face medical bills with no insurance and no recourse.

The Affordable Care Act changes this. It includes new rights for consumers that stop insurance company abuses and protect consumers against unfair rescissions.

## **Your New Rights**

Under the Affordable Care Act, an insurance company will be able to rescind your health plan only if you (or someone you've authorized to represent you on a health insurance application, including your employer) commits fraud—that is, knowingly and willfully misrepresents or omits a piece of information that is relevant to your health plan. This means that insurance companies will no longer be able to take your insurance away from you if you forgot to mention something minor in your medical history on your application for coverage, or if you did not understand that a piece of information (such as a change in your employment status) was relevant to your health plan.

Details of this new right include the following:

- The new protection against unfair rescissions will apply to you on or after September 23, 2010—whenever your health plan year starts again. If you have job-based coverage, your plan year will begin on the date that the policy is renewed or the date that your employer buys a new policy. If you've purchased a policy on your own in the individual market,

the policy year may begin on the anniversary date of when you bought the policy, the date that the plan begins calculating your annual expenses to meet a deductible, or the beginning of the calendar year.

- This new protection will apply to you whether you stay in the same plan you've had or buy or enroll in a new insurance plan.
- The new protection applies to you if your insurance plan tries to rescind a policy that covers you alone, a policy for your whole family, or even a policy that covers you and your coworkers.
- If an insurer wants to rescind your coverage because it believes you have committed fraud, it must give you 30 days' advanced written notice.
- If an insurer attempts to rescind your coverage, you have the right to appeal. To learn more about your appeal rights, see the Families USA fact sheet in this series, *Your Rights to Appeal*.

## When an Insurer Can Cancel a Policy

An insurer can *rescind* your policy if you intentionally misrepresent or omit a relevant piece of information on your application for coverage.

An insurer can *cancel* your policy if any of the following occurs:

- You stop paying your premiums;
- The insurer stops offering your insurance plan or leaves the insurance market in your area;
- You move away, and the location of your new residence is not in the insurer's service area; or
- You get your coverage through an association, and you end your membership in that association.

## For More Information

If an insurer attempts to rescind your coverage, whether it appears to be breaking the new rules in the Affordable Care Act or if you just want more information on your rights, you can get more information from the following resources:

- U.S. Department of Labor website at [www.dol.gov/ebsa](http://www.dol.gov/ebsa),
- U.S. Department of Labor's benefit advisors, who can be reached by calling 1-866-444-EBSA (3272);
- Your state insurance department;
- The government's new health care website at [www.healthcare.gov](http://www.healthcare.gov); or
- A consumer assistance program. Families USA lists some consumer assistance programs online at <http://www.familiesusa.org/resources/program-locator/>. An updated list may also be posted on [www.healthcare.gov](http://www.healthcare.gov).