



Mini Summit I:
High Risk Pools

**Multiple Approaches Among
State Based High Risk Pools**



Richard Cauchi
Program Director, Health
National Conference of State Legislatures
Denver, Colorado

Rev. 1/18/11 a

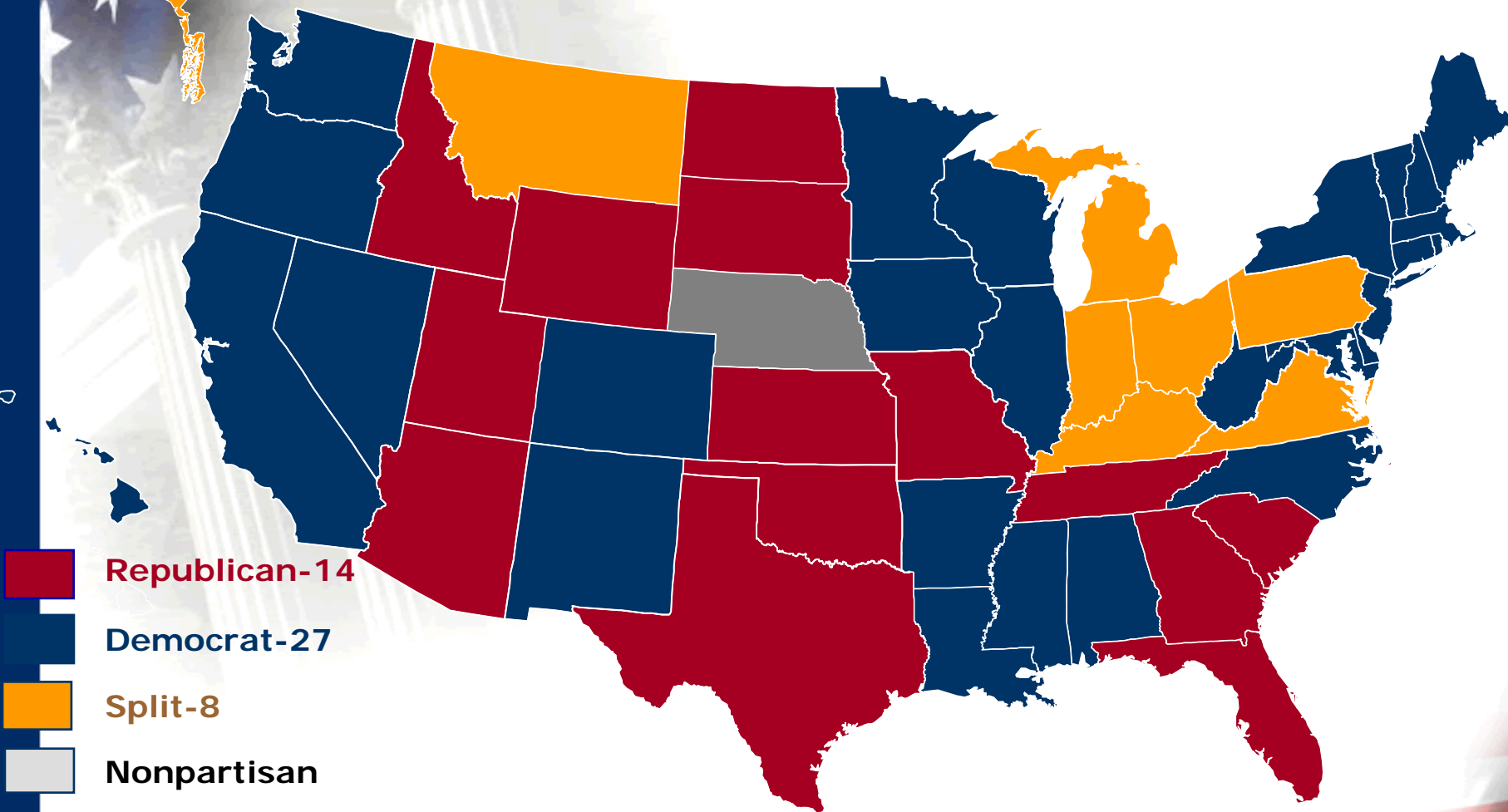


A new era of state and federal roles

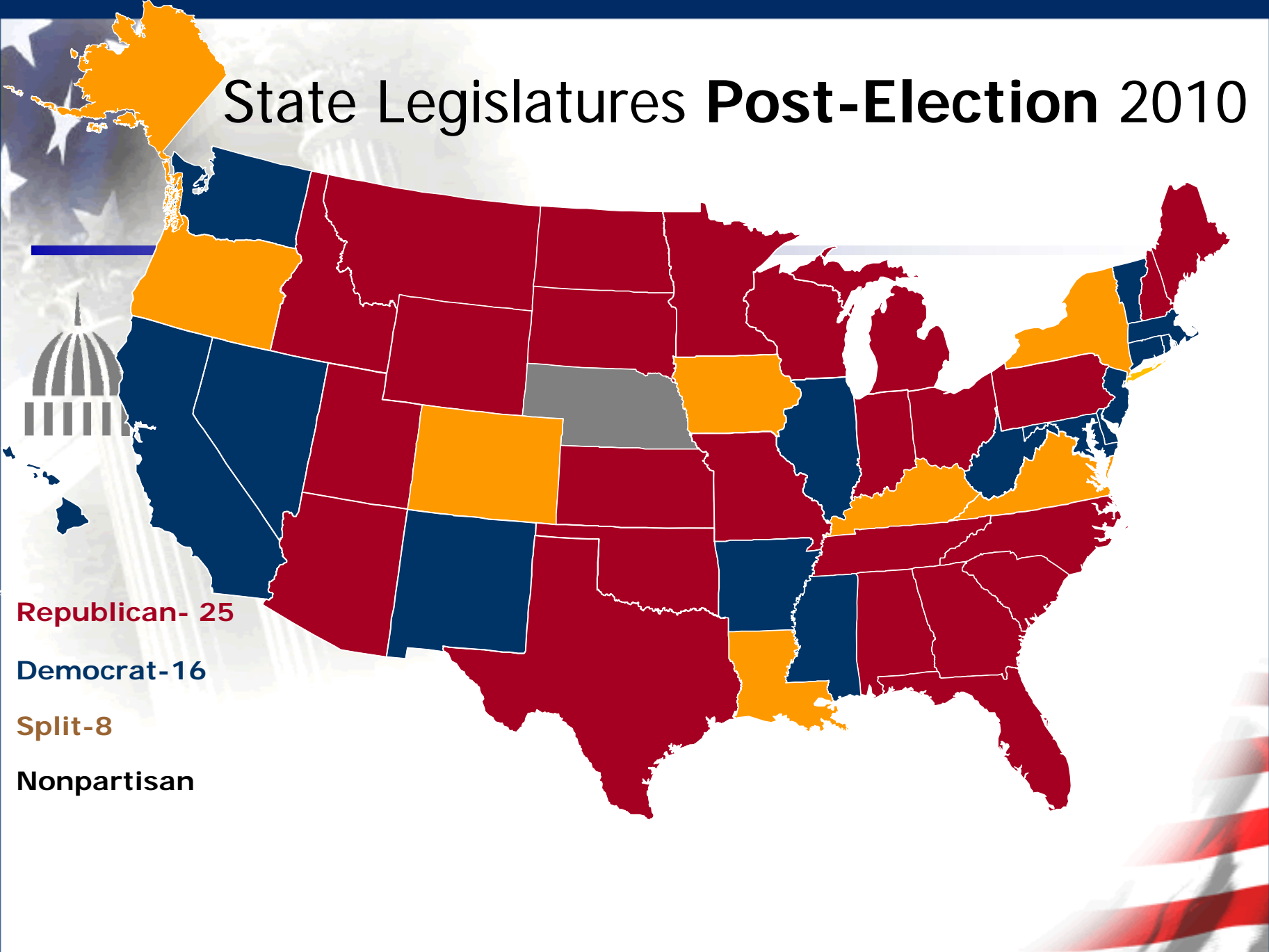


- Role of state legislatures
- Changes in state governments

State Legislatures Pre-Election 2010



State Legislatures Post-Election 2010



Republican- 25

Democrat-16

Split-8

Nonpartisan

The Affordable Care Act

What's Ahead for 2011 State Legislatures?

Considering bills to:

- Authorize insurance reforms > **High Risk Plans** plus...
- Establish state-based exchanges
- Decide to apply for ACA federal funds
- Present alternatives to health reform
- Challenge/opt-out of certain components
- Medicaid cost containment (or expansions)
- Upgrade Health Information Technology
- Address prevention and wellness

Shared power, divided power?



- 35 State High Risk Pools

plus

- 50 Federal Pre-existing Condition Insurance Program (PCIP)



State-only High Risk Pools Operating in 35 states today

Health Insurance Coverage of last resort

- For the uninsurable, with pre-existing conditions.
- Focus only on the individual market (non-employer)
- Not eligible if group employer or public programs

Nationwide enrollment of 208,000 Jan. 1, 2010

Higher number for parts of year; between employment

- State risk pools started in 1976, grown steadily.
- Cover some applicants subject to denied or excluded "adverse underwriting" by private insurers



State High Risk Pools

Who can enroll



- Residents who have already been turned down; have conditions excluded; subject to expensive rates. Most states have pre-defined lists, vary by state --
 - Cancer, including history
 - Diabetes
 - Heart disease, stroke
 - Psychotic Disorders
 - Depression
 - MS
 - HIV
 - Pregnancy
 - Chemical Dependency
 - + *Dozens of others-*
- HIPAA eligible (19 states) change group-to-individual coverage
- HCTC eligible (23 states) - health tax credit for early retirees

HHS study released Tuesday



The Washington Post

NEWS | LOCAL | POLITICS | SPORTS | OPINIONS | BUSINESS | ARTS & LIVING | GOING OUT GUIDE | JOBS | CARS | REAL ESTATE | SHOPPING

With House debate set, up to half of people under 65 have preexisting conditions

By Amy Goldstein
Washington Post Staff Writer
Tuesday, January 18, 2011; 3:43 PM

As many as 129 million Americans under age 65 have medical problems that are red flags for health insurers, according to an analysis that marks the government's first attempt to quantify the number of people at risk of being rejected by insurance companies or paying more for coverage.

The secretary of health and human services released [the study](#) on Tuesday, hours before the House began considering a Republican bill that would repeal the new law [to overhaul the health-care system](#).

A vote is expected Wednesday. With their new majority, House Republicans [are widely expected to have enough votes to pass the repeal measure](#). The prospects are more remote in the Senate, where Democrats remain in control, and [Senate Majority Leader Harry Reid](#) (D-Nev.) has said he would not bring up the bill for a vote.

The report is part of the Obama administration's salesmanship to convince the public of the advantages of the law, which contains insurance protections for people with preexisting medical conditions.

The House's new [GOP](#) leaders plan to begin debate Tuesday on a bill that would repeal the health-care law in its entirety. The vote is set to conclude on Wednesday.

Republicans immediately disparaged the analysis as "public relations." An insurance industry spokesman acknowledged that sick people can have trouble buying insurance on their own but said the analysis overstates the problem.

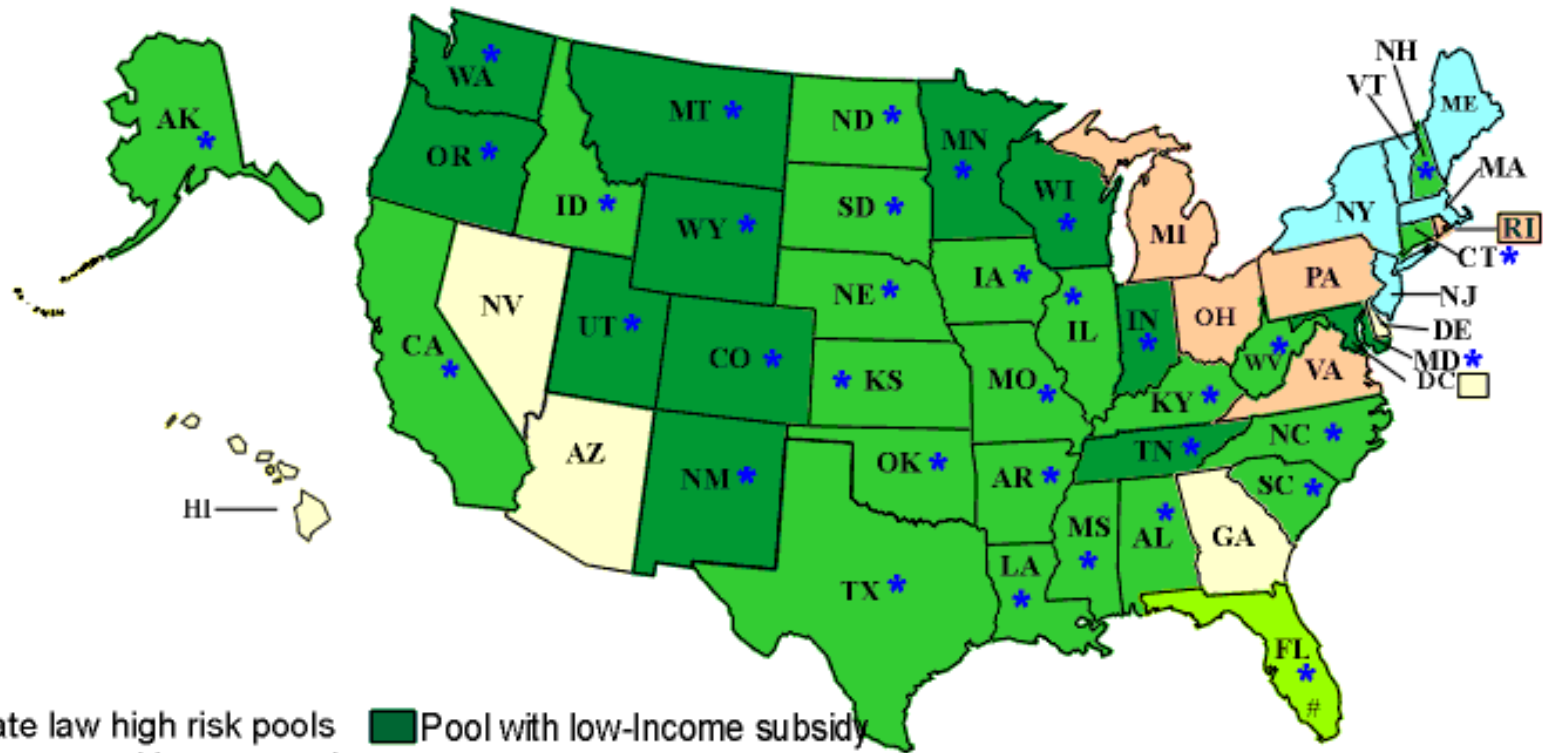
The study found that one-fifth to one-half of non-elderly people in the United States have ailments that trigger rejection or higher prices in the individual insurance market. They range from cancer to chronic illnesses such as heart disease, asthma and high blood pressure.

Advertisement



State-only High Risk Mechanisms Currently Operational

2009-2010



Idaho has a reinsurance pool, coveringing \$5k +
Florida closed enrollment in 1991, it now covers 300 residents

States regulating the private market

(as of December 2010; all enacted years ago)



Guaranteed issue: In **ME, MA, NJ, NY, VT** health insurers cannot turn down applicants based on health or risk status. Community rating spreads the risk more evenly across the pool, greatly lowering the premiums for high-risk members but can increase premiums for some other members.

▶ **A model used in the federal ACA**



Challenges for existing state programs

Affordability and Limitations



- Premium surcharges above standard rates
 - 14 states charge up to 200% of “standard”; 150-175% in 15 states
 - **New federally-funded PCIPs have lower premiums, no higher than standard rate. 3 PCIP tiers provide choices.**
 - State caps on coverage: Lifetime (32) or annual (6)
 - many had \$1 million maximum lifetime benefits
 - **Federal PCIP: No lifetime caps**
- State pre-existing condition waiting periods
 - 25 have had 6-12 months
- Funded within 35 states, total \$2 billion/year
 - 56% by premiums; 35% insurer assessments; state funds
 - NO federal funds, except small grants 2008-09

An Operational State Example

COVERCOLORADO

Because Everyone Needs Health Insurance.



Welcome to CoverColorado



ELIGIBILITY

HEALTH PLANS OVERVIEW

MEMBER SERVICES

HEALTH & WELLNESS

FORMS

RESOURCES

GET A QUOTE

REQUEST INFORMATION

APPLY NOW FOR COVERCOLORADO

COB PLAN

EDIT APPLICATION

COVERCOLORADO TASK FORCE REPORT

POLICY BOOK

CoverColorado provides health insurance to individuals with pre-existing medical conditions.

If you have been denied health insurance due to a pre-existing medical condition, or have exhausted your COBRA benefits, we may be able to help. While CoverColorado is not a low income plan, this may be your best option if you are unable to obtain coverage elsewhere and can afford it.

CoverColorado also offers a Coordination of Benefits (COB) plan to those disabled in...

If you l
least s
compr

Partici
condit

To del
fill out

Are you c

Latest News

Applications due 10/15

Applications and supporting documents are due F...

[+ more](#)

Enrolled: 12,000 [August 2010]

Program funding: \$72 million annually [Dec. 2008]

Claims: \$60 mil.; Admin.: \$5 million

Premiums: \$33 mil.; Ave. premium: 140% of "standard"

52% over age 50; 8% under 18

New federally funded program added in Aug. 2010 →

[View all news >>](#)

New 100% federally funded program:
Colorado is granted \$90 million for 3 1/2 yrs

Health care is getting better. So is HealthCare.gov. Where you see [Was this helpful?](#) add your comments to help us improve.

HealthCare.gov

[Blog](#) | [Newsroom](#) | [Implementation Center](#)

Take health care into your own hands

[Home](#) | [Email Updates](#) | [Glossary](#) | [Font Size](#) | [En Español](#)

Find Insurance Options

Learn About Prevention

Compare Care Quality

Understand the New Law

Information for You

[Introduction](#) | [Timeline: What's Changing and When](#) | [About the Law](#) | **[Provisions](#)** | [In Focus](#) | [Initiatives](#)



Understanding the Affordable Care Act:

Provisions

[\\$250 "Donut Hole" Rebate](#)

[Appealing Health Plan Decisions](#)

[Children's Pre-Existing Conditions](#)

[Consumer Assistance Program](#)

[Curbing Insurance Cancellations](#)

[Doctor Choice & ER Access](#)

[Early Retiree Reinsurance](#)

[FSA/HSA Changes](#)

[Getting Value for Your Premium Dollar](#)

[Grandfathered Health Plans](#)

[Lifetime and Annual Limits](#)

Pre-Existing Condition Insurance Plan: **Colorado**

Pre-Existing Condition Insurance Plan: Colorado



Eligible residents of Colorado can apply for coverage through the state's Pre-Existing Condition Insurance Plan program run Rocky Mountain Health Plans and Cover Colorado.

To qualify for coverage:

- You must be a citizen or national of the United States or residing in the United States legally.
- You must have been uninsured for at least the last six months before you apply.
- You must have a pre-existing condition or have been denied coverage because of your health condition.

The Pre-Existing Condition Insurance Plan, called GettingUSCovered, covers a broad range of health benefits, including primary and specialty care, hospital care, and prescription drugs. All covered benefits are available for you, even if it's to treat a pre-existing condition.

Premium: \$120 to \$626 per month

Medical Deductible: \$2,500



North Carolina Example

INCLUSIVE HEALTH

INSURING INDIVIDUALS WITH MEDICAL CONDITIONS



CLICK HERE.
If you saw our TV Commercial!



join us on
facebook!

[Home](#) [About Us](#) [Doctors/Providers](#) [Agents/Brokers](#) [Media](#)

Inclusive Health was originally created in August 2007 to offer more affordable health insurance coverage to North Carolina individuals with pre-existing medical conditions. Since opening in January 2009, we have assisted thousands of people in finding coverage under the **Inclusive Health - State Option**.

With coverage starting **August 1, 2010**, we are offering coverage under the **Temporary Federal High Risk Pool** established under the Patient Protection and Affordable Care Act. This new coverage will be called **Inclusive Health - Federal Option**.

[Click here for assistance in deciding which option is right for you!](#)
[Click to view a comparison of eligibility.](#)

Already a member? Click which one applies to you.
[IH Federal Members](#) | [IH State Members](#)

Select one of the options on the right to find out more about health insurance coverage available from Inclusive Health.



866.665.2117
call today!

"Inclusive Health gave me a great feeling of security and helped me plan my future again."

- George, Reidsville, NC



Answer a couple of easy questions.

Do you currently have health insurance?

Yes No

If no, how long have you been v

[help me decide](#)

Talk to an Agent.

[Click here to have an Agent contact](#)



Contact Us.

Call **866-665-2117**, Mon - Fri. 8am - 5pm EST.
Email us at contactus@inclusivehealth.org.

We have trained representatives who will be happy to assist you in learning more about

655 in federal PCIP (run by state) [11/2010]
2,365 in state-only high risk pool



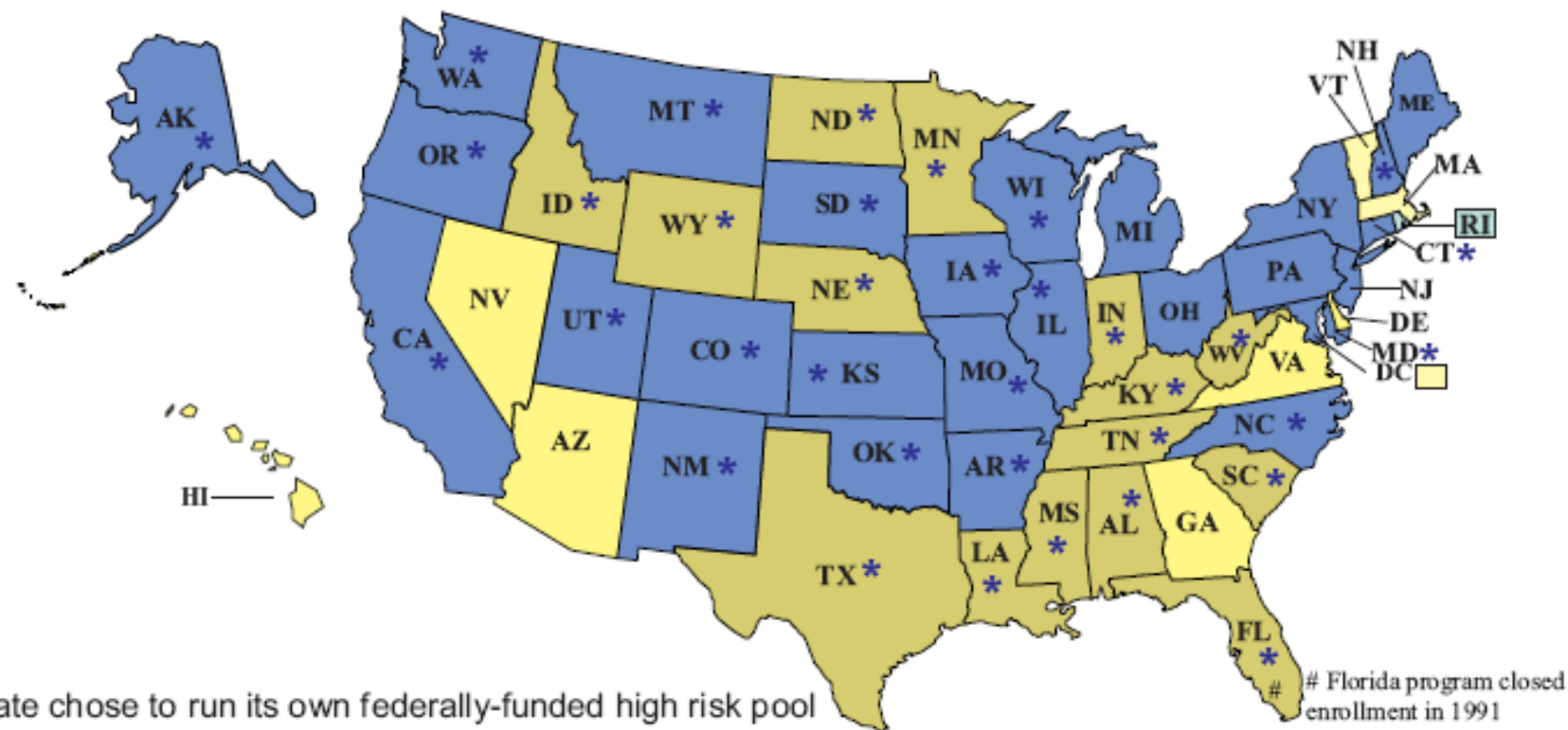
What State Legislators Need to Know: Federally Funded Risk Pools



- A new experience in all 50 states.
- Lower price premiums.
- Expanded public interest, short time frame.
- State policymakers are getting questions.
 - The 15 "new" states: who, where, how much?
 - The 35 current states: Existing state agencies are a focal point. Details emerged after state sessions end.
- Does state law need to change?

Old Pools and New Pools:

High Risk Pools: State Implementation, Federal Roles



- State chose to run its own federally-funded high risk pool
- State chose HIPAA insurance carrier to run federal pool
- No state pool; chose to have HHS run federally-funded high risk pool (July 2010-Dec. 2013)
- Current state pool; HHS to run federal pool

* State currently runs its own state high risk pool, 2009-2010



What Legislators need to know

50 States are in 4 practical categories*



- Current state high risk pool; also running federal (20 states)
- No state program; running federal (7 states)*
- State high risk pool; not running federal (15 states)
- No state program; not running federal (8 states)*

Updated 1/1/11

* Federal law does not assume or require an existing program.



2010 State Legislatures: Some played a direct role



New **high risk plan reform-coordinating laws** in

- Maryland
- North Carolina
- Oregon
- Colorado
- Illinois
- California
- Louisiana (state not running HHS program)

Tight timing for states - only 12 legislatures in session by June 1

New bills filed for 2011 sessions?

Bill status as of Dec. 31, 2010

State-only to federally funded Compatibility for 2010-11:



- For all states with a current program: identifying the best way to run parallel groups with different premiums and financing.
- Seamless for the public?
- Enrollees who want to transfer from state to federally-funded. 6-month wait; what else.
- 100% federally financed with \$5 billion; but concern: will extra state-only funds be needed?
- Could state change role (sign up/pull out) in 2011?



High-risk plans: A practice run for exchanges?



- + State-based experiences in running, marketing, contracting with insurers.
- + Less partisan/ideological push-back
- + Popular in rural states

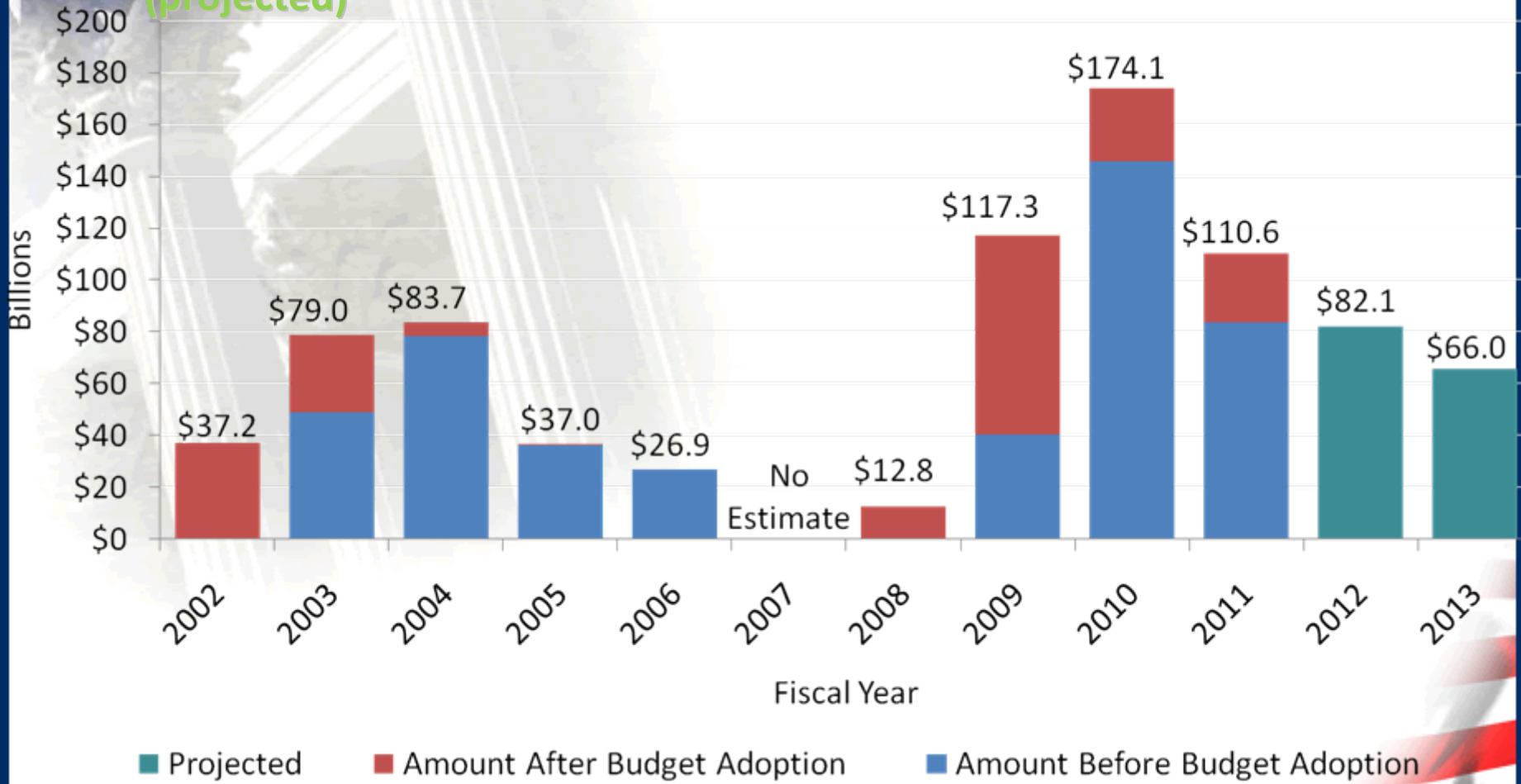
Differences

- Exchanges will affect broad markets,
- Medicaid, small employers
- Different state agencies

Major state budget gaps for FY 2010-13 →

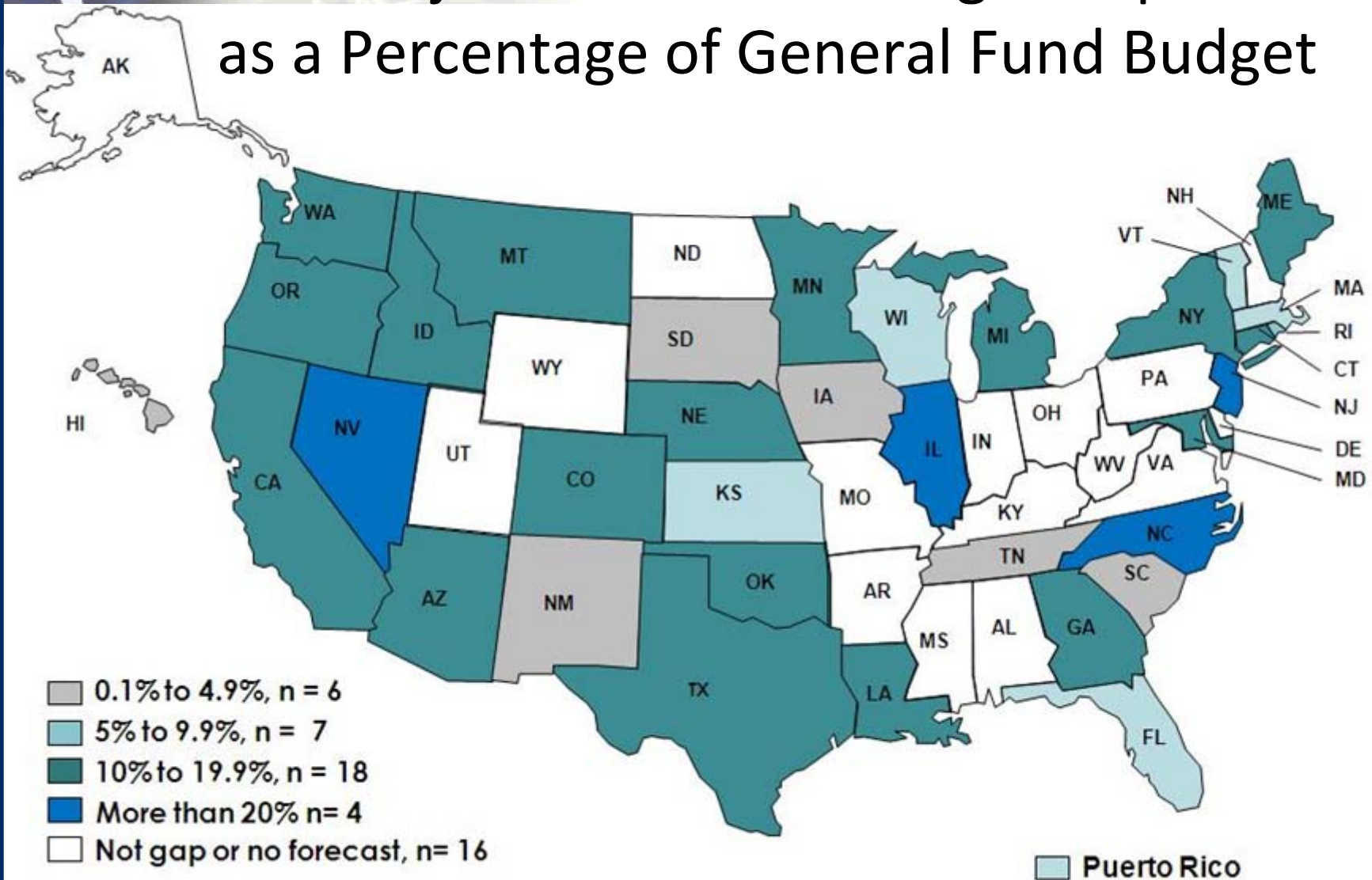
State Budget Gaps FY 2002-FY 2013

(projected)



Source: NCSL survey of state legislative fiscal offices, various years.

Projected FY 2012 Budget Gaps as a Percentage of General Fund Budget



Source: NCSL survey of state legislative fiscal offices, November 2010.

Do you know . . .



How many states have run their own high-risk pool, without federal law?

35

How many states are letting federal HHS run the PCIP within the state?

23

High Risk Pools

Additional resources



- NCSL: State High Risk Pools
<http://www.ncsl.org/?tabid=14329>
- NCSL Health Reform Implementation
<http://www.ncsl.org/healthreform>
- National Association of State Comprehensive Health Insurance Plans" (NASCHIP)
<http://naschip.org>
- Health Reform.gov
- Richard Cauchi dick.cauchi@ncsl.org

