



PA HEALTH ACCESS NETWORK

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High Risk Pools

Summary

Ensuring affordable coverage to individuals with pre-existing health conditions is one of the major goals of federal health reform, the Patient Protection and Affordable Care Act (PPACA). The law provides funding to help states create or expand their high risk pools in order to meet that goal.

The temporary high risk pool is open to people who are unable to obtain coverage due to a pre-existing conditions. Funding will continue until 2014, when the state health exchanges are established.

Pennsylvania does not currently have a high risk pool. Pennsylvania is eligible for up to \$160 million over four years to create a pool¹. The state has until April 30 to notify the Department of Health and Human Services (HHS) about its plans; it can establish a state pool, contract with another state to use its state pool, contract with existing providers, such as Blue Cross plans, to operate the pool, or elect not to establish a pool at all. In that case the Department of Health and Human Services will operate the pool for Pennsylvania residents.

To be eligible for federal funds the state high risk pool must meet certain requirements:

Coverage

- Coverage must be available to all eligible participants regardless of pre-existing conditions.
- The insurer must pay a minimum of 65% of all costs related to health services.
- The premium must be set at the standard rate for an individual (non-group) plan.
- The insurer will not be able to charge their elder population more than 4 times what they charge their youngest healthiest person in the program. They can not set rates based on gender or health status.
- Out of pocket costs can not exceed \$5960 for an individual, \$11,000 for a family.

Eligibility

To be eligible a person must:

- Be a citizen, national of the US, or lawfully present in the US.
- Have been uninsured for 6 months.
- Have a pre-existing condition.

Protections against abuse

- Employers that dump employees from their health insurance program or encourage them to unenroll and then enter the high risk pool will have to pay a penalty that goes into the high risk pool.

A high risk pool will provide a new more affordable option for individuals with pre-existing conditions who currently pay very high rates for coverage—if they can find it at all. Still, premiums may be unaffordable for many individuals. A well structured plan will be a welcome option for many Pennsylvanians who are currently burdened with very high premiums because of a pre-existing condition.

¹ HHS uses an allocation formula which is very similar to the SCHIP formula. Funds are allocated based on population, state insurance coverage rates and geography. Unspent state funds could be reallocated to other states after 2 years.