Fact Sheet – Temporary High Risk Pool Program

The creation of a high risk pool program was proposed by Congressional Republicans and included in the historic new health reform law to help provide affordable health insurance coverage to people who are uninsured because of pre-existing conditions. States may choose whether and how they participate in the program, which is funded entirely by the Federal government. Background on the temporary high risk pool program is below.

Eligibility

In order to receive insurance through the temporary high risk pool program, an individual must meet the criteria established in the law. Eligible individuals must:

- Be a citizen or national of the United States or lawfully present in the United States;
- Not have been covered under creditable coverage (as defined in Section 2701(c)(1) of the Public Health Service Act) for the previous 6 months before applying for coverage; and
- Have a pre-existing condition, as determined in a manner consistent with guidance issued by the Secretary.

Premiums

Premiums in the high risk pool will be affordable for participants to ensure that those who have been locked out of the insurance market have access to high-quality insurance. Premiums must be set so that they:

- Equal a standard rate for a standard population (that is, not exceed 100 percent of the standard non-group rate); and
- Do not vary by age by more than 4 to 1.

State Role

HHS's goal is to grant the flexibility needed to permit successful and expeditious implementation of the program by interested states. There are different avenues for states to carry out the statutory requirements for a high risk pool program. A state could consider the following options:

- Operate a new high risk pool alongside a current state high risk pool;
- Establish a new high risk pool (in a state that does not currently have a high risk pool);
- Build upon other existing coverage programs designed to cover high risk individuals;
- Contract with a current HIPAA carrier of last resort or other carrier, to provide subsidized coverage for the eligible population; or
- Do nothing, in which case HHS would carry out a coverage program in the state.

HHS has asked states to declare how they intend to participate in the program by April 30, 2010. Regardless of whether or how a state participates, all Americans who meet the eligibility criteria will have the opportunity to join a high risk pool.

Funding

The law appropriates $5 billion of federal funds to support the new temporary high risk pool program. It will be available beginning on July 1, the start of many state fiscal years, until the program ends on January 1, 2014. The program is funded entirely by the federal government.

HHS has proposed allocating funds for the program by using a formula almost identical to what was used for the Children's Health Insurance Program (CHIP). Specifically, funds would be allotted to states using a combination of factors including nonelderly population, nonelderly uninsured, and geographic cost as a guide. This combination of factors has been refined over time in the CHIP context, and the CHIP formula has broad Federal and State support.

As under CHIP, HHS intends to reallocate allotments after a period of not more than 2 years, based on an assessment of state actual enrollment and expenditure experiences. This proposed reallocation aims to ensure that the capped amount of Federal funding is allocated to states based on both the initial formula and performance. A list of proposed allocations by state for the four year period is included below.

The attached table presents the estimated state allotments based on the above methodology.

Potential Allocation of High-Risk Pool Funds	
Dollars in Millions*	
State	**Funds**
Alabama	69
Alaska	13
Arizona	129
Arkansas	46
California	761
Colorado	90
Connecticut	50
Delaware	13
Dist of Columbia	9
Florida	351
Georgia	177
Hawaii	16
Idaho	24
Illinois	196
Indiana	93
Iowa	35
Kansas	36
Kentucky	63
Louisiana	71
Maine	17
Maryland	85
Massachusetts	77
Michigan	141
Minnesota	68
Mississippi	47
Missouri	81
Montana	16
Nebraska	23
Nevada	61
New Hampshire	20
New Jersey	141
New Mexico	37
New York	297
North Carolina	145
North Dakota	8
Ohio	152
Oklahoma	60
Oregon	66
Pennsylvania	160
Rhode Island	13
South Carolina	74
South Dakota	11
Tennessee	97
Texas	493
Utah	40
Vermont	8
Virginia	113
Washington	102
West Virginia	27
Wisconsin	73
Wyoming	8
United States	**5 Billion**

* Preliminary: Final allotments may increase or decrease by +/- 1%.

Data sources: ACS State Population 2008; BLS Wage Data 2008