

# *Action Alert!*

## **HIGH RISK POOL FUNDING**

### *Federal Assistance Helps Secure Access to Care For Those with Preexisting Conditions*

#### **The Problem:**

Individuals with chronic medical conditions such as diabetes, heart disease, or cancer often find it difficult or impossible to find health insurance coverage in the individual market. Even if an insurer is willing to offer these individuals a policy, the premiums are usually prohibitively expensive. Consequently, those who have no access to employer-provided coverage find it very difficult to access vital medical care that helps to control these chronic conditions and prevent unnecessary complications and hospitalizations.

#### **High Risk Pools:**

One important tool for securing coverage for this vulnerable segment of the population is the high risk pool. High risk pools are state-administered health insurance plans for individuals with preexisting conditions. After being rejected by at least one insurer, or being offered coverage with an unaffordable premium level, those with preexisting conditions may purchase coverage with a premium that is limited to a given percentage (usually between 125% and 200%) of the standard premium in the individual market. Currently, over 180,000 people are enrolled in high-risk pools in 33 states.

Because premiums are limited to an affordable level, high-risk pools always pay out more in claims than they receive in premiums, requiring an outside source of funds to make them sustainable. Nationwide, pools collect almost \$800 million in premiums, while paying more than \$1.2 billion in claims. Most states make up this shortfall with a mixture of insurer assessments, general revenue funds, and federal grant money.

#### **Federal Funding:**

In February 2006, Congress adopted the State High-Risk Pool Funding Extension Act of 2006, extending federal funding for federal assistance grants to states operating high-risk pools through 2010 at a level of up to \$75 million annually. Unfortunately, Congress failed to appropriate money to fund these grants in 2007, and the President's budget request for 2008 does not include funds for high risk pools either.

On March 23, 2007, the Senate adopted a budget resolution with an amendment sponsored by Senators Ben Nelson (D-NE) and Mike Enzi (R-WY) that would allow funding for high risk pool grants in 2008. A separate amendment to fund high risk pool grants, sponsored by Sens. Norm Coleman (R-MN) and Tom Coburn (R-OK) was introduced but not considered. The House of Representatives will consider its budget resolution the week of March 26.

#### **Action Needed:**

It is very important that individuals and groups that support federal funding for high risk pools contact their representatives in Congress and urge them to:

- Support the Senate high-risk pool budget provision in conference with the House; and
- Request full funding for high risk pool grants in the FY 2008 Labor/Health & Human Services Appropriations bill.



**National Association of  
Insurance Commissioners**

#### **Government Relations:**

701 Hall of the States  
444 North Capitol St., N.W.  
Washington, DC 20001

Phone: 202-624-7790  
Fax: 202-624-8579

#### **Contacts:**

**Brett Palmer**  
Managing Director  
Government Relations  
Division

**Brian Webb**  
Manager  
Health Policy and  
Legislation

**Joshua Goldberg**  
Health Policy &  
Legislative Analyst

**MARCH 2007**