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Healthcare re-FORUM

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High-Risk Pool Program

The Patient Protection and Affordable Care Act (PPACA) establishes temporary national high-risk pools for those with pre-existing medical conditions. These high-risk pools are also referred to as the Pre-Existing Condition Insurance Plans.

Each state was given the option to operate a temporary high-risk pool or to have the U.S. Department of Health and Human Services (HHS) run the program. According to HHS, 29 states and the District of Columbia will run their own pools, and the federal government will run the high-risk pools in 21 states. PPACA requires HHS to supervise the program in each state.

Purpose of the Pre-Existing Condition Insurance Plan

- Health insurance will be provided to qualified individuals who have been denied coverage because of pre-existing medical conditions until the American Health Benefit Exchanges begin in 2014.
- Individuals with pre-existing medical conditions will receive a range of benefits, including primary and specialty care, hospital care and prescription drug coverage.
- The plan will establish a cost-sharing program in which enrollees will make a monthly contribution that has been set for a standard population in the individual market. Cost will not be based on the health status of enrollees. However, contributions may vary by a 4:1 ratio for age and by a 1.5:1 ratio for tobacco use. Geography may also be factored in.
- At least 65 percent of the cost of services provided will be covered by the plan.

Who Is Eligible?

Individuals must meet specific eligibility criteria to apply for coverage through a temporary high-risk pool program. They must:

- Be a citizen or national of the U.S. or lawfully present in the U.S. (documentation will be required).
- Be uninsured for six months prior to application date.
- Be ineligible for coverage under the federal Medicare program, Medicaid program, Children's Health Insurance Program or an employer-sponsored group health plan, unless the individual is subject to a mandatory initial waiting period.
- Have a qualifying pre-existing condition as evidenced by a denial of coverage by two insurers or by documentation from a health professional.

Application Process

- The 21 states where the federal government is running the high-risk pools will begin taking applications July 1, with an effective date of August 1, 2010, according to the HHS Web site.
- Each state will have a Web site to provide guidance for enrollment. However, the HHS Web site currently has limited information about the program.
- States are allowed to develop an application that fits their needs and requirements.
- States operating their own high-risk pools may not meet the August 1 date for coverage and are working out those details individually with HHS.
- Individuals need to obtain an application through the state under which they are applying for coverage. There is no centralized process for obtaining or submitting applications through the federal government.

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Funding

- The federal government's $5 billion allocation will pay the healthcare claims and administrative costs that exceed the monthly contributions collected from enrollees.
- Each state will receive a specific amount based on the formula used to calculate Children's Health Insurance Program (CHIP) funds.
- In states where Medical Mutual of Ohio and its Family of Companies do business, the estimated temporary high-risk pool funding for the program duration is as follows:
  – Georgia: $177 million
  – Indiana: $93 million
  – Michigan: $141 million
  – Ohio: $152 million
  – South Carolina: $74 million
  – Pennsylvania: $160 million
  – Wisconsin: $73 million
  – West Virginia: $27 million.
- HHS intends to reallocate monies within two years, based on an assessment of actual state enrollment and expenditure experiences.
- Michigan, Ohio, Pennsylvania, West Virginia and Wisconsin have elected to administer the federal high-risk pool program at the state level. Georgia, Indiana and South Carolina will allow HHS to run the program in their respective states.

2014—American Health Benefit Exchanges

In 2014, individuals enrolled in the high-risk program will likely transition into the state-based American Health Benefit Exchanges, where pre-existing condition exclusions are prohibited. The Secretary of HHS is expected to develop procedures to ensure there is no lapse in coverage during the transition.

Medical Mutual to Administer Ohio's Pre-Existing Condition Insurance Plan

The state of Ohio selected Medical Mutual to administer the plan through an Administrative Services Only (ASO) arrangement with the federal government. Ohio Department of Insurance (ODI) Director Mary Jo Hudson expressed extreme confidence that we are the right company to administer this important program.

We will promote the program, process all applicants, manage all claims and provide customer service support. We will receive a modest administrative fee and, along with the state, will not take on any financial risk.

All members will have access to our statewide provider network. The Ohio program will offer two Preferred Provider Organization benefit plans, one with a $1,500 deductible and the other with a $2,500 deductible. Coverage offered must have an out-of-pocket limit no greater than $5,950 for an individual, excluding contributions. There will be no pre-existing condition exclusions or waiting periods. Rates for non-smokers are expected to be in the range of $188 to $545 per month depending on the age of the enrollee and the benefits selected. Rates for smokers will be higher. The benefit plans will encourage the use of in-network providers, though out-of-network benefits will also be available.

- We will begin accepting applications August 1, with an effective date of September 1, 2010.
- Ohio is developing its own application, which will be available later in July.
- ODI will provide enrollment information on its Web site, http://www.ohioinsurance.gov. Medical Mutual is also working on a Web site for applicants.

Future Topics:

- Grandfathered Plans (Updated Regulations)
- Web Portal