

**Supporting Statement for the Program for Matching
Grants to States for the Operation of High Risk Pools
(OMB Control No.– 0938-0887)**

A. Background

Part of Title II under Division A of the Trade Act of 2002 (P.L. 107-210) amended the Public Health Service Act by adding section 2745, which addresses promotion of qualified high-risk health insurance pools for assisting “high-risk” individuals who may find private health insurance unavailable, unaffordable, or undesirable. Qualified high-risk pools provide, to all Health Insurance Portability and Accountability Act (HIPAA 1996) eligible individuals, health insurance coverage that does not impose any preexisting condition exclusion.

Congress provided an appropriation of \$20 million in FY 2003 for seed grants to fund a State’s costs for creation and initial operation of a qualified high-risk pool. In addition, an appropriation of \$40 million per year was provided for FY 2003 and FY 2004 for the operation of qualified high-risk pools.

Thirty-five states operate high risk pools. These programs target individuals who can not otherwise obtain or afford health insurance in the private market primarily due to pre-existing health conditions and are at risk for being uninsured. In general, high risk pools are operated through state established non-profit organizations, many who contract with private insurance companies to collect premiums and administer benefits and pay claims. From September 30, 2005 through September 30, 2012 and as part of the original appropriation, 31 states have received more than \$431 million in federal funding for seed grants, operational losses and Bonus grant funding to offset High Risk Pool losses.

Public Law No: 109-171 Deficit Reduction Act of 2005 extends the funding and authorizes Public Law No: 109-172 and appropriates for FY 2006 \$75 million for grants to help fund existing qualified state high risk pools and \$15 million for grants to assist states to create and initially fund qualified high risk pools. The bill also authorizes appropriations of \$75 million for each year FY 2007 through 2010.

H.R. 1473 was signed into law on April 15, 2011 by the President which extended the current funding through September 30, 2011. H.R. 1473 authorized a total of \$54.890 million to be awarded to the State High Risk Insurance Program Pool Program.

Public Law No: 112-74 the H.R. 2055 Consolidated Appropriations Act 2012, which provided \$43.917 million for the State High Risk Pool Insurance Program.

Public Law No: 109-172 provision amendment to Section 2745 establishes: (1) seed grants to States for the creation and initial operation of a qualified

high-risk pool for those States that do not have one, (2) grants to States to reimburse them for losses.

Bonus Grants for Supplemental Consumer Benefits – A new provision of the grants to States to reimburse them for losses is to provide additional grant funding for supplemental consumer benefits. If a State has an established qualified high risk pool and is receiving a grant for operational losses, it may apply for a grant to be used to provide supplemental consumer benefits to enrollees or potential enrollees of its high risk pool. The benefits to be funded with this grant shall include one or more of the following: (a) low income premium subsidies; (b) reduction in premium trends, actual premium or other cost-sharing requirements; (c) an expansion or broadening of the pool of individuals eligible for coverage, such as through eliminating waiting lists, increasing enrollment caps, or providing flexibility in enrolment rules; (d) less stringent rules or additional waiver authority with respect to coverage of pre-existing conditions; (e) increased benefits; and (f) the establishment of disease management programs. There is additional request for documentation for the new provision of bonus grants Section 2745(c)(1) and (f) but the collection framework has not changed.

CMS is submitting this currently OMB approved package (0938-0887) for extension purposes only. The structure of the application collection and grant monitoring reporting requirements of the grants has not been changed from the original grants program.

Grant Application Instructions:

We continue to ask for what is described in 45CFR148.316 and 45CFR148.318

http://a257.g.akamaitech.net/7/257/2422/12feb20041500/edocket.access.gpo.gov/cfr_2004/octqtr/45cfr148.316.htm

with the addition of a request for 1) Description of Type of Consumer Benefits (under the Bonus grants provision); 2) Description of the Eligible Population for the consumer benefits; and, 3) Projected Budget for the use of Bonus Grants. In our final rule CMS-2260-F we have added in the regulation to 45CFR148.316 the request for the addition of these three pieces of information.

Reporting requirements

We are collecting performance reports and financial reporting to now include information about the additional consumer benefits (bonus grants) as a result of grant awards in accordance with 45CFR Part 92 as required in 45CFR148.320. Current collection methods have been successful and States have been in compliance with the prescribed methods.

B. Justification

1. Need and Legal Basis

The information being requested is needed to determine if the States meet the eligibility criteria for the grant as required by the Trade Act. The law requires that, in order to be eligible for the funding, a State must operate a high risk pool that meets the definition of a qualified high risk pool as defined by §2744(c)(2) of the Public Health Service Act except that a State may elect to meet the requirement of subparagraph (A) of such section through providing for the enrollment of eligible individuals through an acceptable alternative mechanism that includes a high risk pool as a component.

Additionally, the risk pool cannot charge for premiums more than 200% of the standard risk rate for premiums in the particular State. It also must offer at least two coverage options and have a funding mechanism in place that will reasonably assure that the pool will remain funded beyond the grant funding period.

2. Information Users

A review team consisting of CMS staff will use the information to determine if a State applicant is eligible for the grant.

3. Improved Information Technology

The announcement of the program and instructions on how to complete an application can be found at www.grants.gov. Applicants are able to download the application forms from the internet.

4. Duplication of Similar Information

In addition to the matching grant program in question, the Trade Act also created a seed grant program for States to create high risk pools. Although the requested information for that program is similar, it is unlikely that a State will apply for both programs since the seed grant program is for States that currently do not have high risk pools and the matching grant program is for States that have high risk pools.

5. Small Businesses

Small businesses will not be affected by the collection since the grant program is only for States.

6. Less Frequent Collection

An applicant will only be required to submit information once for each year it applies for a grant.

7. Special Circumstances

There are no special circumstances involved with this collection of information.

8. Federal Register Notice/Outside Consultation

The initial 60-day Federal Register date was January 11, 2013, (78 FR 2409) and ended on March 11, 2013. No comments, inquires or questions received in response to the notice.

9. Payment/Gift to Respondent

There will be no payment to applicants other than the grants for which they are applying.

10. Confidentiality

All collected information will be confidential.

11. Sensitive Questions

There are no questions of a sensitive nature in this information collection.

12. Burden Estimate

We estimate an average of 40 hours per State to complete an application. We estimate 31 annual responses for a total annual burden of 1240 hours.

13. Capital Costs

There is no capital costs associated with this information collection.

14. Cost to the Federal Government

The total annual cost to the Federal Government is estimated to be \$31,000 This is based upon an estimate of 30 staff hours per application at \$30 per hour for a total of 31 applications, plus \$3,100 in equipment, copying and other operational expenses. $(30 \times 30 \times 31 = 27,900 + 3,100 = \$31,000)$

15. Program or Burden Changes

Since CCIIO is not adjusting the burden hours or costs during this extension period, the annual burden and costs will remain the same.

16. Publication and Tabulation Dates

The information collected will be published in a statutorily required annual report to Congress.

17. Expiration Date

There is no specific standard form for this particular application on which to put a date. The standard form that a State must include are not CMS forms and not subject to a decision by us concerning expiration dates.

18. Certification Statement

There are no exceptions to the certification statement.

C. **Collection of Information Employing Statistical Methods**

There will be no use of statistical methods in this collection of information.