

<http://www.cms.hhs.gov/HighRiskPools/>

## **CMS High Risk Pool Law Overview**

### **Public Law No: 109-172 Extension of Funding for Operations of State High Risk Health Insurance Pool Funding**

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. As of September 30, 2005, and as part of the original appropriation, 26 states have received more than \$80 million in federal funding for seed grants and 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.

**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 a percentage of losses incurred based on a methodology that allocates funding by 40% among all states, 30% to states based on their number of uninsured residents and 30% based on the number of people in state risk pools

operating as an existing qualified high-risk pools during specified years and (3) bonus grants for supplemental consumer benefits.

Seed grants are available for eligible states, that did not have a qualified high risk pool as of February 10, 2006, to create and initially fund qualified high risk pools. CMS is requesting a letter of intent to apply by May 30, 2006. The deadline for all applications is June 30, 2006.

Instructions for how to apply are posted on Grants.gov. To access the site - please click the link provided at the bottom of this page. Click the red tab located at the top right corner labeled "Apply For Grants". Once you reach the "Apply for Grants" page - use the left tool bar to select "Download Application Package". You may then request Funding Opportunity Number HHS-2006-CMS-HRP-0003.

*Please use the Related Links Outside CMS section to access Thomas Public Law No: 109-172. In the Search Bill Text section, type [H.R. 4519], and select bill number, then click the search button.*