Order Code RL31745

Health Insurance: State High Risk Pools

January 19, 2006

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Summary

In an effort to expand the options for health coverage and reduce the number of uninsured, 33 states have established high risk health insurance pools. These programs target individuals who cannot obtain or afford health insurance in the private market, primarily because of pre-existing health conditions. Also, many states use their high risk pools to comply with the portability and guaranteed availability provisions of the Health Insurance Portability and Accountability Act of 1996 (HIPAA, P.L. 104-191).

In general, high risk pools tend to be small and enroll a small percentage of the uninsured. As of December 2004, 182,381 individuals participated in these state pools. They typically are operated through state-established nonprofit organizations that contract with private insurance companies to handle day-to-day operations. Although benefit packages vary across states and plans, they generally reflect health benefits that are available in the private insurance market. The majority of high risk pools cap premiums between 125% to 200% of market rates, and pools often are subsidized through insurer assessments and other funding mechanisms.

Congress has acted in recent years to fund the expansion and operation of state high risk pools. The Trade Act of 2002 (P.L. 107-210) appropriated $20 million for the creation of new pools for FY2003, and $40 million each for FY2003 and FY2004 for the maintenance of existing pools. During the 108th Congress, the Senate passed the "State High Risk Pool Funding Extension Act of 2004" (S. 2283), which would have provided federal funding for new and existing high risk pools.

Interest in supporting high risk pools has continued into the 109th Congress, motivated in part by the expiration of authorizing legislation for federal funding on September 30, 2005. H.R. 3204, the "State High Risk Pool Funding Extension Act of 2005," would authorize additional appropriations to extend federal funding of state high risk pools. The act authorizes $15 million for FY2005 in the form of seed grants to states that have not yet established qualified high risk pools. H.R. 3204 also authorizes $50 million, for each fiscal year between 2005 and 2009, in grants to states to go toward operating expenses of existing pools. The act also changes the funding formula used to allocate these operational grants. The House passed H.R. 3204 by voice vote on July 27, 2005. Once received in the Senate, the funding formula was modified further, and the bill was passed by that chamber on October 19, 2005. Two months later, the House passed H.R. 4519 on December 17, 2005. H.R. 4519 is identical to the Senate-passed version of H.R. 3204, except for deletion of mandatory funding language for FY2006. The Senate is expected to pass H.R. 4519 without change.

The House-passed budget reconciliation bill included a provision to provide $90 million for operational grants to states for FY2006 and FY2007. The Senate-amended and -passed conference agreement (S. 1932) would provide $75 million for operational grants and $15 million for seed grants, distributed according to existing statutory requirements. The measure also includes conforming language on enactment of H.R. 4519. This report will be updated periodically.

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Introduction

In an effort to expand the options for health coverage and reduce the number of uninsured, a majority of states have established high risk health insurance pools.[1] These programs target individuals who cannot obtain or afford health insurance in the private market. High risk pools generally cover people who have sought health coverage in the individual (nongroup) market, but have been denied coverage, received quotes from insurers that are higher than the premiums offered by the high risk pools, or received offers from insurers that permanently exclude coverage of their pre-existing health conditions.[2]

Many states also use their high risk pools to comply with the portability and guaranteed availability provisions of the Health Insurance Portability and Accountability Act of 1996 (HIPAA, P.L. 104-191). For eligible individuals moving from the group to nongroup market, HIPAA requires state-licensed health insurers to make coverage available to such individuals, and prohibits exclusion of coverage for pre-existing conditions. Of the 33 states with high risk pools, 28 states use their pools to comply with HIPAA's portability and guaranteed availability provisions.[3]

In general, state high risk pools tend to be small and enroll a small percentage of the uninsured. As of December 2004, 182,381 individuals participated in high risk pools, compared to over 18 million people who were uninsured for that entire year in states with such pools.[4] However, such limited enrollment reflects, in part, the narrow focus of these pools: individuals with costly health conditions who continue to seek health coverage.

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[1] Sources: Communicating for Agriculture and the Self-Employed, Inc., *Comprehensive Health Insurance for High-Risk Individuals: A State-By-State Analysis, Nineteenth Edition, 2005/2006*, 2005. For online information about state high risk pools, see "State High-Risk Health Insurance Pools, Dec. 31, 2004" at [http:\\www.statehealthfacts.org].

[2] A medical condition for which treatment was recommended or received, or medical advice was sought, prior to enrollment.

[3] To comply with these provisions, states may either enforce the HIPAA individual market guarantees ("federal fallback"), or establish an "acceptable alternative state mechanism," such as a high risk health insurance pool. For more information about HIPAA, see CRS Report RL31634, *The Health Insurance Portability and Accountability Act (HIPAA) of 1996: Overview and Guidance on Frequently Asked Questions*, by Hinda Chaikind, Jean Hearne, Bob Lyke, and Stephen Redhead. (Hereafter cited as CRS Report RL31634.)

[4] CRS calculation based on data from the Current Population Survey (CPS), CPS Table Creator, at [http://www.census.gov/hhes/www/cpstc/cps_table_creator.html].

Health Insurance Context

High risk pools fill a niche in the health insurance system; a patchwork system of private markets and public programs designed to meet the needs of different types of health care consumers.[5] In the private health insurance market, most people get health coverage through the group market. This market provides health benefits to groups of people that are drawn together by an employer or other organization, such as a trade union. Such groups are generally formed for some purpose other than obtaining insurance, like employment.

While most Americans receive their health coverage through the workplace — as a current employee, a dependent of an employee, or a retiree — some individuals do not have access to employer-sponsored insurance (ESI). They may be workers who do not qualify for an offer of health benefits from their employer (e.g., because the workers have part-time or seasonal employment status), or they may work for a company that does not provide health insurance at all, or they may be unemployed. Public programs also are a source of health coverage, but individuals and families must meet eligibility requirements in order to qualify for benefits. Individuals who cannot access ESI or are not eligible for public programs, may seek health insurance in the nongroup market.

Applicants to the individual insurance market must go through robust medical underwriting; that is, insurance carriers conduct an exhaustive analysis of each applicant's insurability. An applicant usually must provide her/his medical history, and often undergo a physical exam. This information is used by carriers to assess the potential medical claims for each person by comparing characteristics of the applicant to the loss experience of others with similar characteristics. Once such an evaluation has been conducted, the carrier decides whether or not to provide health coverage and sets the terms for that coverage, including the premium amount. (In the group market, insurers forgo underwriting in the traditional sense; i.e., reviewing *each* person's demographics and medical history. Instead, an insurer looks at the characteristics of the group as a whole, such as its claims history, group demographics, and geographic location. The insurer then charges a premium based on the analysis of the group's characteristics. There are exceptions to this for very small groups.)

Federal and state laws restrict somewhat insurers' ability to reject applications or design coverage based on health factors in the nongroup market. Nonetheless, some applicants are rejected from the individual market altogether, and others who are approved may receive limited benefits or are charged premiums that are higher than those in the group market for similar coverage.[6] Rigorous underwriting results in an enrollee population that is fairly healthy (three out of four enrollees report that

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[5] For a general discussion about health insurance, see CRS Report RL32237, *Health Insurance: A Primer*, by Bernadette Fernandez.

[6] M. Pauly and A. Percy, "Cost and Performance: A Comparison of the Individual and Group Health Insurance Markets," *Journal of Health Politics, Policy and Law*, Feb. 2000.

their health is excellent or very good[7]), thereby excluding persons with moderate to severe health conditions from the private nongroup insurance market. High risk pools were designed to assist such individuals who — because of their health conditions — have very few options for coverage in the private market.

Health Policy Context

High risk pools appeal to policymakers who prefer an incremental approach to coverage expansion and reliance on current state oversight of health insurance.[8] Supporters of high risk pools contend that states can use their existing regulatory infrastructure, as well as their knowledge of health care markets, to efficiently insure previously uninsurable individuals. Supporters also contend that the private, nongroup market will benefit. They reason that by removing high risk persons from the individual market and placing them in publicly subsidized insurance pools, coverage in the individual market will become more affordable. They argue that better risk spreading helps to stabilize the market, promote competition, and retain insurance carriers — earning the support of such organizations.[9] Moreover, high risk pools function as a safety net for the nongroup market by assuring that individuals have access to health insurance as long as they are willing and able to pay for it.

Others contend that high risk pools are generally too small and underfunded to meet the needs of the majority of persons who cannot access health insurance in the private market. By design pools experience losses, but federal attempts to subsidize these losses have been limited: grants awarded for FY2003 and FY2004 could not exceed 50% of any state pool's losses for the year. Waiting lists for enrollment are common, and premiums combined with other cost-sharing requirements can often make the coverage offered by these pools unaffordable. As a result, some researchers remain skeptical that high risk pools will be able to substantially reduce the number of uninsured, particularly among those with serious medical conditions.[10] With respect to reducing the number of people without health coverage, consumer groups

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[7] General Accounting Office, "Private Health Insurance: Millions Relying on Individual Market Face Cost and Coverage Trade-Offs," Nov. 1996.

[8] For example, see National Governors Association, Policy Position, "Private Sector Health Care Reform Policy," Dec. 14, 2000. Also, see examples from advisory groups and academia, such as the National Association of Insurance Commissioners, News Release,"NAIC Applauds Extension of Federal Funding for High-Risk Pools," July 27, 2005, and M. Pauly, "How Private Health Insurance Pools Risk," National Bureau of Economic Research, Research Summary, summer 2005.

[9] For example, see the National Association of Health Underwriters' position on high risk pools at [http://www.nahu.org/government/issues/Risk_Pools/High_Risk_Pools.htm], and Council for Affordable Health Insurance, issue brief on high risk pools, at [http://www.cahi.org/cahi_contents/issues/article.asp?id=489].

[10] For example, see D. Chollet, "Expanding Individual Health Insurance Coverage: Are High-Risk Pools The Answer?," *Health Affairs*, Oct. 23, 2002, and Pollitz, et al., "Health Insurance and Diabetes: The Lack of Available, Affordable, and Adequate Coverage," *Clinical Diabetes*, vol. 23, no. 2, 2005.

generally advocate for expansion of the federal role in providing coverage, whether through existing public programs or broader health care reform.[11]

While high risk pools have existed since the mid-1970s, only recently has Congress acted to support the expansion and operation of high risk pools across the country. The enactment of HIPAA during the 104th Congress specified state high risk pools as acceptable mechanisms for complying with the group-to-individual market requirements. The 107th Congress passed the Trade Act of 2002 (P.L. 107-210), which appropriated $20 million for FY2003 for the creation of new pools, and $40 million for each of FY2003 and FY2004 for the maintenance of existing pools. During the 108th Congress, the Senate passed S. 2283, the "State High Risk Pool Funding Extension Act of 2004," which would have extended federal funding for the creation of new state high risk pools, and operation of existing ones. Similar funding extension bills have separately passed the House and the Senate during the 109th Congress (see detailed discussion under the "Legislative Activity during the 109th Congress" section).

State High Risk Pools

As of December 2004, 33 states established high risk health insurance pools.[12] States have a great deal of discretion regarding the establishment and operation of these pools, including covered benefits, eligibility requirements, pre-existing condition exclusion periods, and funding sources. The table in the **Appendix** presents information about the main features of each state high risk pool.

General Characteristics of State High Risk Pools

Administration. State high risk pools typically are operated through state-established nonprofit organizations that contract with private insurance companies to handle daily operational functions. Boards oversee the management of high risk pools and usually consist of representatives from insurance companies, consumer groups, health care providers, and state agencies.

Premiums and Funding. In order to limit the cost of health coverage for persons with costly medical conditions, all states cap high risk pool premiums. Almost all states have caps between 125% and 200% of standard market rates. A

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[11] For example, see testimony presented by R. Pollack, Families USA, Education and the Workforce Committee Employer-Employee Relations Subcommittee hearing, "Expanding Access to Quality Health Care: Solutions for the Uninsured," July 9, 2002, and American Federation of State, County, and Municipal Employees, "Universal Health Coverage," resolution no. 14, June 26-30, 2000.

[12] Of the 33 state high risk pools, the Idaho pool is unique. It is a reinsurance pool where commercial carriers underwrite the coverage and directly provide health benefits to pool participants. This is in contrast with a traditional high risk pool, where the pool itself acts as the plan administrator, paying claims and providing benefits to enrollees. Nonetheless, Idaho was included with the more-traditional state pools because of the similarities in eligible groups (e.g., HIPAA eligibles), and benefits and plans offered.

majority of states offer coverage at less than 150% of the average. Risk pools generally operate at a loss, "because it isn't feasible to pool a group of individuals known to have major health problems and expect their premium contributions to cover the entire cost."[13] Thus, many state pools tap other sources of funding to cover their operating expenses.

States may augment premium collection with one or more of the following sources: assessments on insurers, in some instances combined with offsetting tax credits; general revenue and appropriations dollars; tobacco settlement funds; and other sources.[14] Almost all states with risk pools assess a fee on insurance carriers, although nine of those states offset those assessments with tax credits. Five states use appropriated monies or general revenue for additional risk pool funding, while only two states specifically use tobacco settlement funds.

Benefits. Although health benefits provided through risk pools vary across plans and states, they generally reflect coverage that is available in the private market. For example, most pools cover maternity care, prescription drugs, and mental health treatment, among other services. States usually offer more than one plan from which enrollees may choose. Deductibles and other cost-sharing requirements vary from state to state. Most states do not place maximum *annual* limits on benefits, except for California, Idaho, South Dakota, Utah, and West Virginia. In contrast, nearly all states have *lifetime* maximums on benefits, except for Indiana, Kentucky, and New Mexico.[15]

Eligibility. States establish the eligibility criteria for high risk pools. As noted, many states allow HIPAA-eligible persons to enroll in their high risk pools. HIPAA eligibles are persons who do not have or are losing coverage and seeking it in the individual market.[16] They must meet the following requirements: (1) have at least 18 months of "creditable coverage" (specified in statute) without a significant break in that coverage (63 or more days); (2) most recent coverage must have been through a group health plan; (3) exhausted federal or state continuation coverage; (4) not eligible for Medicaid or Medicare; and (5) not have any other health insurance. For HIPAA eligibles, high risk pools guarantee the availability of health coverage and prohibit exclusion of coverage for pre-existing conditions. Risk pools also are designed to address the insurance needs of non-HIPAA-eligible persons with costly medical conditions. A number of states provide for presumptive eligibility, allowing

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[13] Communicating for Agriculture and the Self-Employed, p. 14.

[14] An assessment is a tax or fee. Some states fund the losses of their risk pools by requiring insurers across the state to pay assessments. Generally, the amount of insurers' assessment is based on their share of the total premiums sold in the state for each year. Some states also provide tax credits to these insurers, thus reducing the insurers' tax liability and enabling them to recover some or all of their expenditures on the assessments. Under the latter of these funding mechanisms, the state assumes part or all of the cost burden for the losses of the risk pools.

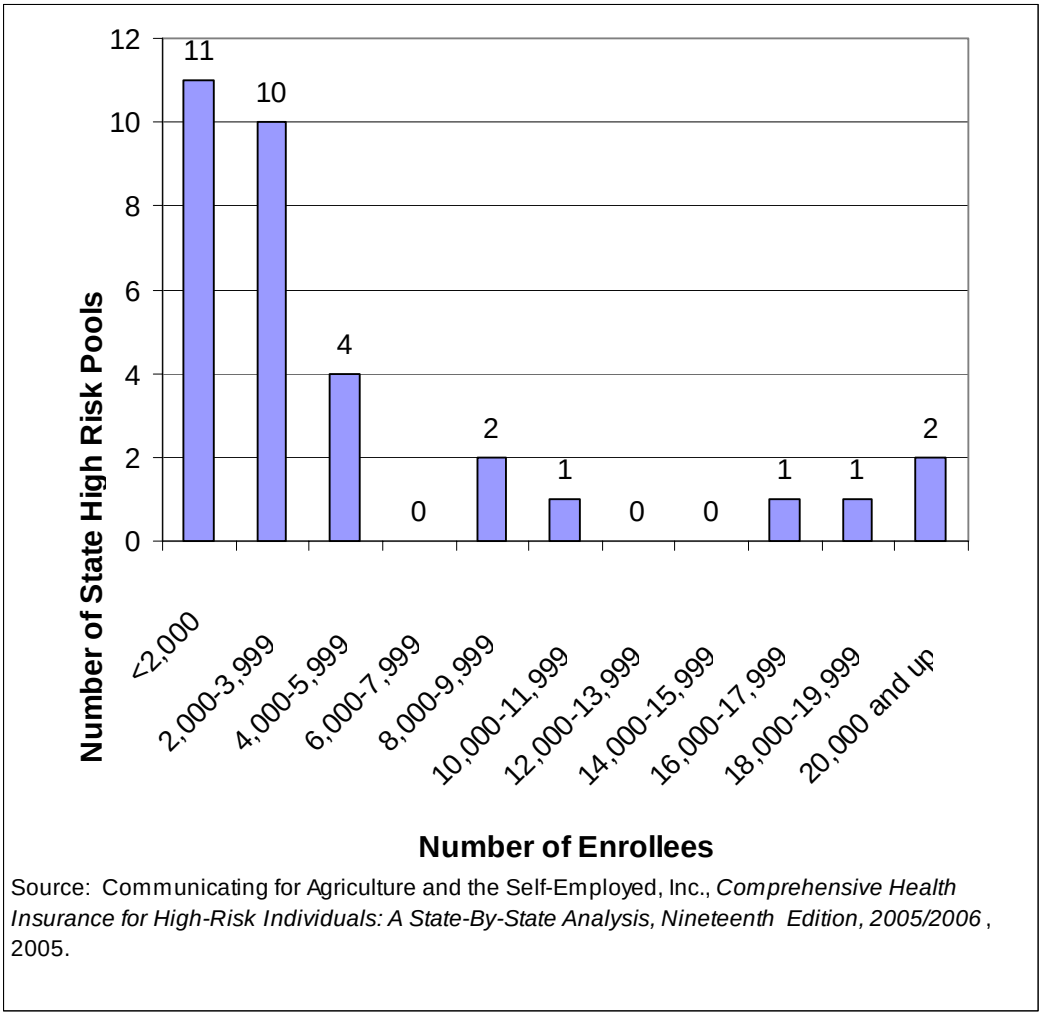
[15] In ID and SD, annual maximums apply to specified benefits. In IN and KY, no lifetime maximums apply to specified plans.

[16] HIPAA also provides protections to certain people who wish to enroll in the group health insurance market. See the aforementioned CRS Report RL31634 for more details.

individuals to become automatically eligible for high risk pools if they have a certain medical condition specified under state law. In addition to HIPAA eligibles and persons with specific conditions, many states allow individuals who have experienced coverage denials, coverage restrictions, or premium increases to enroll in high risk pools.

Enrollment. High risk pool participation varies significantly across states, with enrollment ranging from a high of 32,959 participants in Minnesota to a low of 118 enrollees in Iowa in 2004.[17] Among all state high risk pools, the enrollment distribution clusters toward the low end. To illustrate, one-third of all high risk pools (11 states) by the end of 2004 had enrollments below 2,000 participants, and nearly two-thirds (21 states) had enrollments below 4,000. In contrast, five states had more than 10,000 participants (see **Figure 1**). As for new enrollment, all states but Florida were accepting new participants.

Figure 1. Enrollment Distribution of State High Risk Pools, 2004



Source: Communicating for Agriculture and the Self-Employed, Inc., *Comprehensive Health Insurance for High-Risk Individuals: A State-By-State Analysis, Nineteenth Edition, 2005/2006*, 2005.

[17] The latest enrollment data for most states is to the end of 2004. For the newest high risk pool (WV), no enrollment data are yet available.

Federal Grants to State High Risk Pools

With enactment of the Trade Act of 2002 (P.L. 107-210), the federal government provided funding to state high risk health insurance pools for the first time. The Trade Act appropriated $20 million in the form of seed grants to be awarded to states that did not already have a high risk pool but wanted to establish one. Awards of up to $1 million could be made per qualifying state. Six states received seed grants in 2003: Maryland ($1 million), New Hampshire ($1 million), Ohio ($150,000), South Dakota ($1 million), Utah ($52, 618), and West Virginia ($1,000,000).[18]

The Trade Act also appropriated $80 million to be split evenly over FY2003 and FY2004 to defray some of the operating losses experienced by states with existing high risk pools. As mentioned earlier, state high risk pools cap premiums in order to provide some measure of cost protection for enrollees. Given such caps, the total costs incurred by these pools generally exceed the amounts collected through premiums. Therefore, pools need to tap other sources of funding to cover their operational losses.

Under the Trade Act, each operational grant could cover up to 50% of a pool's operating losses for the year. To qualify, each state must have established a risk pool that restricts premiums to no more than 150% of the premium for standard risk rates in the state, offers a choice of two or more coverage options, and has in effect a mechanism designed to ensure continued funding of losses incurred after the end of FY2004. However, states may still be able to determine, within federal standards, how much to charge enrollees in out-of-pocket costs, what benefits to include under the plans, how long coverage for pre-existing conditions may be excluded, and whom among otherwise uninsurable individuals will be eligible.

Table 1 shows which states received operational grants for FY2003 and FY2004, and the funding levels. Nineteen states were awarded operational grants in FY2003; 22 states in FY2004.[19]

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[18] Ohio was awarded a grant to conduct a study on the feasibility of creating a high risk pool. Utah was awarded a grant to modify its existing health plan and become a newly "qualified" high risk pool.

[19] The FY2004 grantees include Massachusetts which operates a reinsurance program for the non-group market that differs from traditional high risk pools. Nonetheless, the MA program met the requirements of the federal grant program. For a more detailed discussion about the MA reinsurance program, see "Communicating for Agriculture and the Self-Employed," pp. 249-250.

Table 1. Operational Grants Awarded to State High Risk Pools, FY2003 and FY2004

State	Grant amount, 2003 ($, thousands)	Grant amount, 2004 ($, thousands)
Alabama	2,826	— -
Alaska	542	484
Arkansas	1,928	1,893
Colorado	3,219	3,096
Connecticut	1,597	1,503
Illinois	8,144	7,473
Indiana	3,266	3,358
Iowa	1,107	368
Kansas	1,462	1,297
Kentucky	2,511	2,292
Maryland	— -	3,176
Massachusetts	— -	132
Minnesota	1,984	1,972
Mississippi	2,066	2,038
Montana	698	621
Nebraska	894	751
New Hampshire	225	532
New Mexico	2,048	1,739
North Dakota	329	293
Oklahoma	2,931	2,731
Utah	— -	1,395
Wisconsin	2,222	2,501
Wyoming	— -	358

Sources: Centers for Medicare and Medicaid Services, "HHS Awards Grants to Twenty-two States to Offset Costs of Insurance for Residents Too Sick for Conventional Coverage," News Release, Oct. 5, 2005; and K. Pollitz and E. Bangit, "Federal Aid to State High-Risk Pools: Promoting Health Insurance Coverage or Providing Fiscal Relief?," Issue Brief, Nov. 2005.

Note: Grant amounts are rounded to the nearest thousand.

Legislative Activity during the 109th Congress

Congressional interest in support of high risk pools has continued into the 109th session, motivated in part by the expiration of authorizing legislation for federal funding on September 30, 2005. Below are brief descriptions of the House and Senate bills that relate to the most recent legislative activity.

House

H.R. 3204, the "State High Risk Pool Funding Extension Act of 2005," extends federal funding for state high risk health insurance pools by authorizing additional appropriations for the creation of new pools and operation of existing ones. The act authorizes $15 million for FY2005 in the form of seed grants to states that have not created qualified high risk pools. This language also authorizes $50 million, for FY2005-FY2009, in grants to states to go toward operating expenses of existing pools.

The allotment formula under the House version divided the funding for operational grants into thirds: one-third to all qualifying states in equal amounts; one-third based on state proportion of uninsured population for all qualifying states; and one-third based on state proportion of the high risk pool population. (The original formula allots funding for operational grants solely on the basis of number of uninsured persons by state.) Moreover, the bill allows up to 50% of the FY2005 appropriation for operational grants to be allocated as bonus grants. Bonus grants would be used to provide supplemental benefits (premium subsidies, high risk pool expansion, increased benefits, and others) to pool enrollees or potential enrollees.

The House bill also modifies the requirements for qualifying for an operational grant. It allows states to charge premiums up to 200% of applicable standard rates (originally, the maximum was set at 150%), providing those states use at least 50% of the grant toward premium assistance.

H.R. 3204 passed the House by voice vote on July 27, 2005.

Senate

The Senate first considered S. 288, a companion bill to H.R. 3204, which included different funding formula from the House bill. Under S. 288, half of the funding would go to all states in equal amounts, and the other half would be split evenly and distributed according to state proportions of the uninsured population and high risk pool population. Senator Durbin argued that the Senate formula "was "extremely favorable" to smaller states at the expense of larger ones"[20] and placed a hold on S. 288.

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[20] M.A. Carey, "Senator Durbin Blocks Health Insurance Bill on Grounds It Would Shortchange Illinois," *Congressional Quarterly Today*, Sept. 14, 2005.

The Senate then considered H.R. 3204 after it had passed the House. In response to Senator Durbin's concern about the impact of funding formula changes, HELP Committee Chair Enzi offered a substitute which altered the House bill's formula. For FY2006-FY2010, the $50 million appropriation for operational grants would be divided according to the following formula: 40% to all qualifying states in equal amounts, 30% based on state proportion of uninsured population among all qualifying states, and 30% based on state proportion of the high risk pool population. The amendment also would provide an additional $25 million in appropriations for bonus grants to be awarded to qualifying states for *each* fiscal year specified, and allows operational grants to cover up to 100% of pool losses.

The Senate passed H.R. 3204 on October 19, 2005.

Two months later, the House passed H.R. 4519, the State High Risk Pool Funding Extension Act of 2005, on December 17, 2005. H.R. 4519 is identical to the Senate-passed version of H.R. 3204, with one exception. Under the funding provision, H.R. 4519 authorizes funding for fiscal 2006, in contrast with H.R. 3204, which both authorizes and provides funding for fiscal 2006. The Senate is expected to pass H.R. 4519 without change.

Reconciliation

As part of the budget reconciliation process, the House Energy and Commerce Committee included a provision to provide funding for state high risk pools. Section 3202 of the House reconciliation bill amends the Public Health Service Act to provide $90 million in appropriations for grants to states for FY2006 and FY2007. Eligible states would receive funding to cover up to 50% of operating expenses of existing high risk pools. The operational grants would be distributed according to existing statutory requirements.

The House approved the budget reconciliation bill on December 19, 2005.

The Deficit Reduction Act of 2005 (S. 1932) conference agreement includes provisions for funding of state high risk pools. The Senate amended and agreed to the conference agreement, and a vote is still pending in the House. Section 6202 of the Senate measure amends the Public Health Service Act to provide $90 million in appropriations for grants to states for FY2006. The bill provides $75 million for operational grants and $15 million for seed grants. The grants would be distributed according to existing statutory requirements. This measure includes conforming language on enactment of H.R. 4519.

Appendix. Summary of State High Risk Pools, 2005/2006

State	Enrollment[a]	Eligibility requirements[b]	Pre-existing health condition exclusion period[c]	Funding sources[d]
Alabama	3,558 (6/30/05)	Eligible under the Health Insurance Portability and Accountability Act (HIPAA)	None	Assessments on insurers, offset by amount of premium taxes paid to the state
Alaska	498 (5/31/05)	Eligible under HIPAA, Health Coverage Tax Credit (HCTC), state "high risk rules" Under high risk rules, individual must have experienced at least one of the following: - Denial of coverage within the last six months - Has one of the health conditions listed on the risk pool's website (e.g., AIDS) - Received insurance riders that substantially restricts coverage	six months	Assessments on insurance industry association members
Arkansas	2,930	Eligible under HIPAA, HCTC, state "Resident Eligible" rules Under the HCTC, persons who meet the federal HCTC requirements may be eligible as: - "Qualified Eligible": has three months of creditable coverage without a significant break - "Standard Eligible": must submit evidence of one of the following: - Denial of coverage based on history or existence of health condition - Cost of health coverage offered in substantial excess of the high risk pool premium - Coverage under another state's high risk pool - "Qualifying Family Members" of HCTC eligible person	Resident, HCTC Standard, and spouse or dependent of HCTC Standard eligible: six months	Insurance Department Trust Fund, grants under the Trade Act of 2002, assessments on insurers

State	Enrollment[a]	Eligibility requirements[b]	Pre-existing health condition exclusion period[c]	Funding sources[d]
		Under Resident Eligible rules, individual must submit evidence of one of the following: - Rejection notice for health coverage based on history or existence of health condition - Cost of health coverage in excess of the high risk pool premium		
California	8,572 (5/05)	Inability to obtain coverage during the past 12 months due to one of the following: - Denial of coverage - Involuntary termination of health benefits, not due to fraud or non-payment of premium - Cost of health coverage offered in excess of the high risk pool premium	90 days	Major Risk Medical Insurance Fund (tobacco tax revenues)
Colorado	4,896 (6/1/05)	Eligible under HIPAA, HCTC, prior coverage under another state's high risk pool Also eligible if meets at least one of the following: - Denial of coverage - Cost of health coverage offered in excess of the high risk pool premium - Coverage for pre-existing conditions is excluded for more than six months - Has one of the health conditions listed on the application	six months	Assessments on insurers, interest from the Unclaimed Properties Funds
Connecticut	2,376	Eligible under HIPAA, HCTC Small employers (up to 10 employees) can purchase health insurance for their employees through the state high risk pool	12 months	Assessments on insurance industry association members

State	Enrollment[a]	Eligibility requirements[b]	Pre-existing health condition exclusion period[c]	Funding sources[d]
Florida	443 (closed for new enrollment since 1991)	Received at least one of the following from two or more insurers: - Denial of coverage - Health condition exclusion or benefit reduction - Cost of health coverage offered in excess of the high risk pool premium	12 months	Assessments on insurance industry association members
Idaho[e]	1,462 (6/1/05)	Eligible under HIPAA, HCTC Also eligible if meets at least one of the following: - Denial of coverage - Cost of health coverage offered in excess of the high risk pool premium	12 months	Carriers' reinsurance premiums, tax revenue, assessments on insurers
Illinois	16,660 (6/1/05)	Eligible under HIPAA, HCTC, "traditional" high risk pool For traditional pool, must have received at least one of the following: - Denial of coverage based on health conditions - Cost of health coverage offered in excess of the high risk pool premium	six months	State appropriations, assessments on insurers
Indiana	8,030	Eligible under HIPAA, HCTC Also eligible if insurer denied comparable coverage	three months	General revenue, assessments on insurers

State	Enrollment[a]	Eligibility requirements[b]	Pre-existing health condition exclusion period[c]	Funding sources[d]
Iowa	118 (5/31/05)	Eligible under HIPAA, HCTC Also eligible if meets at least one of the following: - Denial of coverage within last nine months - Health condition exclusion or benefit reduction - Cost of health coverage offered in excess of the high risk pool premium - Has one of the health conditions listed in program brochure	six months	Assessments on insurance industry association members, offset by amount of premium or other taxes paid to the state
Kansas	1,727	Eligible under HIPAA, HCTC Also eligible if experiences at least one of the following: - Termination of coverage (not for non-payment of premium) - Denial of coverage due to health conditions by two insurers - Cost of health coverage offered in excess of the high risk pool premium - Offer of insurance subject to permanent exclusion of a pre-existing health condition	90 days	Assessments on insurers, may be offset by amount of premium taxes paid to the state

State	Enrollment[a]	Eligibility requirements[b]	Pre-existing health condition exclusion period[c]	Funding sources[d]
Kentucky	3,363 (5/31/05)	Eligible under HIPAA Also eligible if meets at least one of the following: - Participation in state Guaranteed Acceptance Program (GAP) - Has one of the health conditions specified in statute (e.g., leukemia) - Denial of coverage comparable to pool's coverage - Cost of health coverage offered in excess of the high risk pool premium	12 months	State appropriation from Tobacco Settlement, assessments on insurers
Louisiana	1,236	Eligible under HIPAA Also eligible if moving from another state's high risk pool, or state resident who is not eligible for any health insurance coverage, Medicare, or Medicaid	six months	General revenue, assessments on insurers and patients
Maryland	5,078	Eligible under HIPAA, HCTC, "Medically Eligible" rules, moving from another state's high risk pool Under Medically Eligible rules, individual must meet at least one of the following: - Denial of coverage due to health conditions - Offer of insurance subject to restriction or exclusion of a specific health condition - Cost of health coverage offered in excess of the high risk pool premium - Has one of the qualifying health conditions	None	Assessments on hospitals
Minnesota	32,959	Eligible under HIPAA, HCTC Also eligible if meets at least one of the following:	six months	Assessments on insurers, other revenue

State	Enrollment[a]	Eligibility requirements[b]	Pre-existing health condition exclusion period[c]	Funding sources[d]
		- Denial of coverage due to health conditions within last six months - Notice of benefit reduction		
Mississippi	4,304	Eligible under HIPAA, moving from another state's high risk pool Also eligible if rejected for coverage similar to pool's coverage	Six months (Nine months for pregnancy)	Assessments on insurers
Missouri	2,800	All state residents who meet the following requirements: - Not eligible for coverage, or has coverage with premiums exceeding 300% of standard rates - Involuntary termination of coverage (not for non-payment, fraud or other specified circumstances)	12 months	Assessments on insurers, offset by amount of premium taxes paid to the state
Montana	3,540 (6/30/05)	Eligible under HIPAA, HCTC, "Association (Traditional) Plan" rules Under Association Plan rules, must meet at least one of the following within the last six months: - Denial of coverage from at least two insurers - Offer of coverage with a restrictive rider or coverage limitation for a pre-existing condition, from at least two insurers - Has one of the qualifying medical conditions - Cost of health coverage offered is more than 150% of the average rate used to calculate risk pool's premium	12 months	Assessments on insurers, offset by amount of premium taxes paid to the state

State	Enrollment[a]	Eligibility requirements[b]	Pre-existing health condition exclusion period[c]	Funding sources[d]
Nebraska	5,799	Eligible under HIPAA, HCTC, qualifying health conditions Also eligible if denied coverage within the last six months, and meets one of the following: - Offer of coverage with a coverage limitation exceeding 12 months - Cost of health coverage offered in excess of the high risk pool premium	Six months	Assessments on insurers
New Hampshire	479 (5/31/05)	Eligible under HIPAA, HCTC Also eligible if meets at least one of the following: - Denial of coverage due to health conditions - Offer of coverage with a coverage limitation for a specific condition - Cost of health coverage offered in excess of the high risk pool premium - Has one of the qualifying medical conditions	Nine months	Assessments on insurers

State	Enrollment[a]	Eligibility requirements[b]	Pre-existing health condition exclusion period[c]	Funding sources[d]
New Mexico	1,553 (6/1/05)	HIPAA eligible Also eligible if experiences at least one of the following: - Denial of coverage - Offer of coverage with a coverage limitation - Has one of the qualifying medical conditions - Cost of health coverage offered exceeds 125% of the high risk pool premium - Transfer from the New Mexico Health Insurance Alliance - Involuntary coverage termination due to: - Insurer no longer issuing coverage - Moving from another state's high risk pool - Current coverage not valid in NM	Six months	Assessments on insurers, offset by a portion of premium taxes paid to the state
North Dakota	1,784	Eligible under HIPAA, HCTC Also eligible if provides evidence of at least one of the following within the last 180 days: - Denial of coverage due to health conditions - Offer of coverage with a substantial coverage limitation - Cost of health coverage offered in excess of the high risk pool premium - Has one of the qualifying medical conditions (e.g., Alzheimer's)	180 days	Assessments on insurers, offset by amount of premium taxes paid to the state
Oklahoma	2,693	Eligible under HIPAA, HCTC Also eligible if denied coverage by at least two insurers	12 months	Assessments on insurance industry association members

State	Enrollment[a]	Eligibility requirements[b]	Pre-existing health condition exclusion period[c]	Funding sources[d]
Oregon	10,070	Eligible under HIPAA, "Medical eligibility" rules, moving from another state's high risk pool Under medical eligibility rules, individual must meet at least one of the following: - Denial of coverage due to health conditions - Insurance agent refusal to apply on behalf on individual due to individual's health conditions - Offer of coverage with a substantial coverage limitation - Offer of coverage with plan choice limitation	Six months	Assessments on insurers, interest earned on reserves
South Carolina	2,263	Eligible under HIPAA, HCTC Also eligible if meets at least one of the following: - Denial of coverage due to health conditions - Offer of coverage with a coverage limitation exceeding 12 months - Cost of health coverage offered exceeds 150% of the high risk pool premium	Six months	Assessments on insurers, offset by amount of premium and income taxes paid to the state
South Dakota	532	Eligible under HIPAA	None	General revenue, assessments on insurers
Texas	27,573 (6/30/05)	Eligible under HIPAA, HCTC Also eligible if meets at least one of the following:	12 months	Assessments on insurers

State	Enrollment[a]	Eligibility requirements[b]	Pre-existing health condition exclusion period[c]	Funding sources[d]
		- Denial of coverage due to health conditions - Insurance agent documentation of inability to obtain coverage due to health conditions - Offer of coverage with a coverage exclusion for a specific condition - Cost of health coverage offered in excess of the high risk pool premium (expires 12/31/05 due to statute change) - Has one of the qualifying medical conditions (e.g., ALS/Lou Gehrig's Disease)		
Utah	3,085 (5/30/05)	Eligible under HIPAA, moving from another state's high risk pool Also eligible if denied coverage within 30 days of application to risk pool	Six months	General revenue
Washington	2,970 (6/1/05)	Denial of coverage due to health conditions Also eligible under "Medicare plan eligibility" rules by meeting at least one of the following: - Rejection by carrier or use of non-uniform health screen - Increase in premium - Offer of coverage with a coverage restriction - Pre-existing condition exclusion period that is different for standard enrollee in the same plan	Six months	Assessments on insurers
West Virginia	N/A (enrollment data for new program not yet available)	Eligible under HIPAA, HCTC Also eligible if meets at least one of the following: - Denial of coverage due to health conditions - Cost of health coverage offered in excess of the high risk pool premium - Has one of the qualifying medical conditions	Six months	Assessments on hospitals

State	Enrollment[a]	Eligibility requirements[b]	Pre-existing health condition exclusion period[c]	Funding sources[d]
Wisconsin	18,341	Eligible under HIPAA, Medicare (due to disability), HIV+ health status Also eligible if meets at least one of the following within the last nine months due to health conditions: - Denial or cancellation of coverage - Notice of substantial coverage limitation or reduction - For currently insured, notice of 50% or more increase in cost of coverage - Notice of 50% or more increase in cost of health coverage applied for	Six months	Assessments on insurers
Wyoming	689 (5/31/05)	Eligible under HIPAA Also eligible if meets at least one of the following: - Denial of coverage due to health conditions - Cost of health coverage offered in excess of the high risk pool premium - Offer of coverage with coverage restriction or coverage exclusion for pre-existing condition	12 months	Assessments on insurers, offset by a portion of premium taxes paid to the state
Total	182,381			

Source: Communicating for Agriculture and the Self-Employed, Inc., *Comprehensive Health Insurance for High-Risk Individuals: A State-By-State Analysis, Nineteenth Edition, 2005/2006*, 2005.

Note: The funding sources, eligibility criteria and rules pertaining to pre-existing condition exclusions may vary by risk pools for those states that operate more than one risk pool.

a. Enrollment numbers are from the end of 2004, unless otherwise noted.
b. State residency is an eligibility requirement for all high risk pools.

c. This is the time period during which coverage for pre-existing conditions is excluded. There are no coverage exclusions for HIPAA eligibles in the individual market.
d. All states collect premiums from pool participants to provide partial funding for pool operations.
e. Idaho's pool is a reinsurance pool where commercial carriers underwrite the coverage and directly provide health benefits to pool participants. This is in contrast with a traditional high risk pool, where the pool itself acts as the plan administrator, paying claims and providing benefits to enrollees. Nonetheless, Idaho was included with the more-traditional state pools because of the similarities in eligible groups (e.g., HIPAA eligibles), and benefits and plans offered.