

HIGH-RISK INSURANCE POOLS

Nearly three-fourths of the states have established high-risk insurance pools to increase health coverage options.

- ▶ In 2009, 35 states had high-risk health insurance pools for individuals who cannot get insurance in the private market at affordable rates or because of a pre-existing medical condition.¹
- ▶ In 2007, about 210,000 people were enrolled in high-risk pools. Enrollment ranged from fewer than 350 people in Florida to nearly 29,000 people in Minnesota.¹ A number of reasons have been given for Minnesota's high participation rate, including low premiums and choice of numerous deductible plans.²
- ▶ Since the first high-risk pool was created in 1975, at least 1 million Americans have been insured through a high-risk pool.¹
- ▶ The number of individuals with high-risk pool coverage is very small when compared to the nearly 87 million without health insurance in the last two years.³

States have designed their high-risk pools to reflect their health insurance markets.

- ▶ All states have premium caps that limit the cost of health coverage for individuals with costly medical conditions. Most have established caps between 125 percent and 200 percent of standard market rates.¹
- ▶ Waiting periods for a pre-existing condition are typically six months, but extend to 12 months in eight states.¹
- ▶ Since individual premiums cover only about 60 percent of the costs of high-risk pools,⁴ states have established funding mechanisms to cover losses, most often by assessments on insurance carriers.

State policymakers are proposing expansions and using a variety of mechanisms to keep high-risk pools afloat.

- ▶ Several states, including Arizona, Georgia, Maine, Nevada and Ohio, have recently considered establishing high-risk health insurance pools.
- ▶ Florida recently passed legislation to create a new pool but has not provided the needed state funds. The current pool has been closed to new enrollments since 1991 due to inadequate funding.
- ▶ Nearly one-third of the pools have reduced premiums for low-income participants⁵ and others have reduced rates to encourage participation.
- ▶ Maryland raised premiums, deductibles and copayments, increased out-of-pocket maximums, lowered the lifetime maximum benefit, added a waiting period for pre-existing conditions and increased funding by raising the assessment on hospitals.⁶
- ▶ California put a limit on enrollment and lowered the maximum treatment benefit, and Tennessee eliminated low-income subsidies for new members.



¹ National Association of State Comprehensive Health Insurance Plans, accessed from <http://www.naschip.org>.

² NASCHIP, accessed from <http://www.naschip.org/2006/State%20Risk%20Pools%27%20Value%209-28-07.pdf>.

³ Families USA, "Americans at Risk: One in Three Uninsured," accessed from <http://www.familiesusa.org/assets/pdfs/americans-at-risk.pdf>.

⁴ Abbe, Bruce, "Using Tax Credits and State High-Risk Pools to Expand Health Insurance Coverage," *Health Affairs* (October 2002).

⁵ McCormack, Thomas, "State Health Insurance High Risk Pools," accessed from <http://www.healthlaw.org/library/attachment.138868>.

⁶ *The New York Times*, "McCain Plan to Aid States on Health Could Be Costly," accessed from <http://www.nytimes.com/2008/07/09/us/politics/09health.html>.

STATE HIGH-RISK INSURANCE POOLS

State	Year Began	Enrollees 2007	Maximum Lifetime Benefits	Waiting Period	Sources of Funding	Cap as % of Average Comparable Plan
Alabama*	1998	2,455	N/A	N/A	Premiums	200%
Alaska	1993	488	\$1,000,000	6-month	Health plans	150%
Arkansas	1996	2,976	\$1,000,000	6-month	Health plans	150%
California	1991	14,020	\$750,000	3-month	Cigarette/tobacco surtax	137.5%
Colorado	1991	7,200	\$1,000,000	6-month	Health plans/Unclaimed property	125%
Connecticut	1976	2,599	\$1,000,000	12-month	Health plans	150%
Florida**	1989	347			Health plans	250%
Idaho	2001	1,411	\$1,000,000	12-month	Health plans	150%
Illinois	1989	16,410	\$1,000,000	6-month	Health plans/State funds	150%
Indiana	1982	6,900	None	3-month	Health plans/State funds	150%
Iowa	1987	2,676	\$3,000,000	6-month	Health plans	150%
Kansas	1993	1,886	\$1,000,000	3-month	Health plans	125%
Kentucky	2001	4,158	Unlimited	12-month	Health plans/Tobacco tax Mandated service charge/ Assessments/State funds	175%
Louisiana	1992	1,139	\$500,000	6-month	Tax assessments on hospitals	200%
Maryland	2003	12,468	\$2,000,000	6-month	Health plans/State funds	125%
Minnesota	1976	28,859	\$5,000,000	6-month	Health plans/Stop-loss and re-insurance carriers	175%
Mississippi	1992	3,660	\$500,000	6-month	Health plans/HMOs	150%
Missouri	1991	2,915	\$1,000,000	6-month	Health plans	150%
Montana	1987	3,101	\$1,000,000	12-month	Tax on health/accident premiums	135%
Nebraska	1986	5,058	\$1,000,000	6-month	Health plans	150%
New Hampshire	2002	1,011	\$2,000,000	9-month	Health plans	140%
New Mexico	1988	4,757	None	6-month	State funds	200%
North Carolina	2009		\$1,000,000	12-month	Health plans	135%
North Dakota	1982	1,541	\$1,000,000	6-month	Health plans	150%
Oklahoma	1996	2,027	\$1,000,000	12-month	Health plans	125%
Oregon	1990	18,656	\$2,000,000	6-month	Health plans/HMOs	200%
South Carolina	1990	2,377	Determined by Board	6-month	Health plans/Stop-loss and re-insurance carriers/State funds	150%
South Dakota*	2003	686	\$1,000,000	N/A	State funds/Health plans	200%
Tennessee	1987	2,458	\$1,000,000	3-month	Health plans	200%
Texas	1998	27,733	\$1,500,000	12-month	Dedicated state funds	150%
Utah	1991	3,516	\$1,000,000	6-month	Health plans	150%
Washington	1988	3,447	\$1,000,000	6-month	Assessments on hospitals	150%
West Virginia	2005	497	\$1,000,000	6-month	Health plans	200%
Wisconsin	1981	17,126	\$1,000,000	6-month	Health plans/HMOs/Tax credits	200%
Wyoming	1991	622	\$750,000	12-month		

*The high-risk pools in Alabama and South Dakota are for portability purposes only.

**Closed to new enrollees since 1991.

Sources: Kaiser Commission for Medicaid and the Uninsured and National Association of State Comprehensive Health Insurance Plans.