

109TH CONGRESS
1ST SESSION

H. R. 3204

AN ACT

To amend title XXVII of the Public Health Service Act to extend Federal funding for the establishment and operation of State high risk health insurance pools.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “State High Risk Pool
3 Funding Extension Act of 2005”.

4 **SEC. 2. EXTENSION OF FUNDING FOR ESTABLISHMENT AND**
5 **OPERATION OF STATE HIGH RISK HEALTH IN-**
6 **SURANCE POOLS.**

7 (a) **AUTHORIZATION OF APPROPRIATIONS.**—Sub-
8 section (c) of section 2745 of the Public Health Service
9 Act (42 U.S.C. 300gg–45) is amended to read as follows:

10 “(c) **AUTHORIZATION OF APPROPRIATIONS.**—

11 “(1) **SEED GRANTS.**—For the purpose of car-
12 rying out subsection (a), there is authorized to be
13 appropriated \$15,000,000 for fiscal year 2005.

14 “(2) **OPERATION OF POOLS.**—For the purpose
15 of carrying out subsection (b), there is authorized to
16 be appropriated \$50,000,000 for each of the fiscal
17 years 2005 through 2009.

18 “(3) **AVAILABILITY; RULE OF CONSTRUC-**
19 **TION.**—Funds appropriated under this subsection
20 for a fiscal year shall remain available for obligation
21 through the end of the following fiscal year. Nothing
22 in this section shall be construed as providing a
23 State with an entitlement to a grant under this sec-
24 tion.”.

25 (b) **CHANGE IN REQUIREMENTS FOR QUALIFIED**
26 **HIGH RISK POOLS.**—

1 (1) CHANGE IN REQUIREMENT FOR OPER-
2 ATIONAL GRANTS.—Subsection (b) of such section is
3 amended—

4 (A) in paragraph (1)(A), by inserting “(or
5 200 percent in the case of a State that meets
6 the requirements of paragraph (3))” after “150
7 percent”;

8 (B) in paragraph (1)(C), by striking “after
9 the end of fiscal year 2004” and inserting
10 “after the end of the last fiscal year for which
11 a grant is provided under this paragraph”; and

12 (C) by adding at the end the following new
13 paragraph:

14 “(3) SPECIAL RULE FOR POOLS CHARGING
15 HIGHER PREMIUMS.—In the case of a qualified high
16 risk pool of a State which charges premiums that ex-
17 ceed 150 percent of the premium for applicable
18 standard risks, the State shall use at least 50 per-
19 cent of the amount of the grant provided to carry
20 out this subsection to reduce premiums for enroll-
21 ees.”.

22 (2) CHANGE IN DEFINITION OF QUALIFIED
23 HIGH RISK POOL.—Subsection (d) of such section is
24 amended to read as follows:

25 “(d) DEFINITIONS.—In this section:

1 “(1) QUALIFIED HIGH RISK POOL.—The term
2 ‘qualified high risk pool’ has the meaning given such
3 term in section 2744(c)(2), except that a State may
4 elect to meet the requirement of subparagraph (A)
5 of such section (insofar as it requires the provision
6 of coverage to all eligible individuals) through pro-
7 viding for the enrollment of eligible individuals
8 through an acceptable alternative mechanism (as de-
9 fined for purposes of section 2744) that includes a
10 high risk pool as a component.

11 “(2) STANDARD RISK RATE.—The term ‘stand-
12 ard risk rate’ means a rate that—

13 “(A) is determined under the State high
14 risk pool by considering the premium rates
15 charged by other health insurers offering health
16 insurance coverage to individuals in the insur-
17 ance market served;

18 “(B) is established using reasonable actu-
19 arial techniques; and

20 “(C) reflects anticipated claims experience
21 and expenses for the coverage involved.

22 “(3) STATE.—The term ‘State’ means any of
23 the 50 States and the District of Columbia.”.

1 (3) EFFECTIVE DATE.—The amendments made
2 by this subsection shall apply to grants for fiscal
3 years beginning with fiscal year 2005.

4 (c) CHANGE IN ALLOTMENT FORMULA FOR OPER-
5 ATIONAL GRANTS.—Subsection (b)(2) of such section is
6 amended—

7 (1) by inserting “(before fiscal year 2005)”
8 after “for a fiscal year”; and

9 (2) by adding at the end the following: “The
10 amount appropriated under subsection (c)(2) for a
11 fiscal year beginning with fiscal year 2005 (less the
12 portion of such amount amount made available to
13 carry out subsection (f)) shall be made available to
14 the States (including entities that operate the high
15 risk pool under applicable State law in a State) that
16 qualify for a grant under subsection (b) as follows:

17 “(A) An amount equal to $\frac{1}{3}$ of such
18 amount shall be allocated in equal amounts
19 among such qualifying States.

20 “(B) An amount equal to $\frac{1}{3}$ of such
21 amount shall be allocated among such States so
22 that the amount provided to a State bears the
23 same ratio to such available amount as the
24 number of uninsured individuals in the State
25 bears to the total number of uninsured individ-

1 uals in all such States (as determined by the
2 Secretary).

3 “(C) An amount equal to $\frac{1}{3}$ of such
4 amount shall be allocated among such States so
5 that the amount provided to a State bears the
6 same ratio to such available amount as the
7 number of individuals enrolled in health care
8 coverage through the qualified high risk pool of
9 the State bears to the total number of individ-
10 uals so enrolled through qualified high risk
11 pools in all such States (as determined by the
12 Secretary).”.

13 (d) ADMINISTRATIVE PROVISIONS; ANNUAL RE-
14 PORT.—Such section is amended by adding at the end the
15 following new subsection:

16 “(e) ADMINISTRATIVE PROVISIONS; ANNUAL RE-
17 PORT.—

18 “(1) APPLICATIONS.—To be eligible for a grant
19 under this section, a State shall submit to the Sec-
20 retary an application at such time, in such manner,
21 and containing such information as the Secretary
22 may require.

23 “(2) NO ENTITLEMENT.—Nothing in this sec-
24 tion shall be construed as providing a State with an
25 entitlement to a grant under this section.

1 “(3) ANNUAL REPORT.—The Secretary shall
2 submit to Congress an annual report on grants pro-
3 vided under this section. Each such report shall in-
4 clude information on the distribution of such grants
5 among the States and the use of grant funds by
6 States.”.

7 (e) BONUS GRANTS FOR SUPPLEMENTAL CONSUMER
8 BENEFITS.—Such section is further amended—

9 (1) in subsection (c)(2), as added by subsection
10 (a), by adding at the end the following: “Of the
11 amount appropriated under the preceding sentence
12 for fiscal year 2005, up to 50 percent shall be avail-
13 able for the purpose of carrying out subsection (f).”;
14 and

15 (2) by adding at the end the following new sub-
16 section:

17 “(f) BONUS GRANTS FOR SUPPLEMENTAL CON-
18 SUMER BENEFITS.—

19 “(1) IN GENERAL.—In the case of each State
20 that has established a qualified high risk pool, the
21 Secretary shall provide, from the funds made avail-
22 able under subsection (c)(2) to carry out this sub-
23 section, a grant to be used to provide supplemental
24 consumer benefits to enrollees or potential enrollees

1 (or defined subsets of such enrollees or potential en-
2 rollees) in qualified high risk pools.

3 “(2) BENEFITS.—Funds provided to a State
4 under paragraph (1) may be used only to provide
5 one or more of the following benefits:

6 “(A) Low-income premium subsidies.

7 “(B) A reduction in premium trends, ac-
8 tual premiums, or other cost-sharing require-
9 ments.

10 “(C) An expansion or broadening of the
11 pool of individuals eligible for coverage, such as
12 through eliminating waiting lists, increasing en-
13 rollment caps, or providing flexibility in enroll-
14 ment rules.

15 “(3) LIMITATION.—In no case shall the amount
16 of a grant under this subsection to a State, from the
17 amount made available under subsection (c)(2) for a
18 fiscal year to carry out this subsection, exceed 10
19 percent of the amount so made available.

20 “(4) RULE OF CONSTRUCTION.—Nothing in
21 this subsection shall be construed to prohibit a State
22 that, on the date of enactment of this subsection, is
23 in the process of implementing programs to provide
24 benefits of the type described in paragraph (2), from
25 being eligible for a grant under this subsection.

1 “(5) FUNDING.—

2 “(A) AVAILABILITY.—Funds appropriated
3 under this subsection for a fiscal year shall re-
4 main available for obligation through the end of
5 the following fiscal year.

6 “(B) REALLOTMENT.—If, on June 30 of a
7 fiscal year for which funds are made available
8 under this subsection, the Secretary determines
9 that the full amounts will not be made available
10 for grants under this subsection, such remain-
11 ing amounts shall be made available and allot-
12 ted among qualifying States under subsection
13 (b) for the fiscal year in accordance with the
14 formula under subsection (b)(2).”.

Passed the House of Representatives July 27, 2005.

Attest:

Clerk.

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