

# Union Calendar No. 116

109<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 3204

[Report No. 109-192]

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.

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## IN THE HOUSE OF REPRESENTATIVES

JULY 12, 2005

Mr. SHADEGG (for himself and Mr. TOWNS) introduced the following bill;  
which was referred to the Committee on Energy and Commerce

JULY 27, 2005

Additional sponsor: Mr. JINDAL

JULY 27, 2005

Reported with an amendment, committed to the Committee of the Whole  
House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in *italie*]

[For text of introduced bill, see copy of bill as introduced on July 12, 2005]

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## A BILL

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 Act*  
9 *(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 ap-*  
13 *propriated \$15,000,000 for fiscal year 2005.*

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

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

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

1           (1) *CHANGE IN REQUIREMENT FOR OPERATIONAL*  
2 *GRANTS.*—*Subsection (b) of such section is amend-*  
3 *ed—*

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

8                   (B) *in paragraph (1)(C), by striking “after*  
9 *the end of fiscal year 2004” and inserting “after*  
10 *the end of the last fiscal year for which a grant*  
11 *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 HIGH-*  
15 *ER PREMIUMS.*—*In the case of a qualified high risk*  
16 *pool of a State which charges premiums that exceed*  
17 *150 percent of the premium for applicable standard*  
18 *risks, the State shall use at least 50 percent of the*  
19 *amount of the grant provided to carry out this sub-*  
20 *section to reduce premiums for enrollees.”.*

21           (2) *CHANGE IN DEFINITION OF QUALIFIED HIGH*  
22 *RISK POOL.*—*Subsection (d) of such section is amend-*  
23 *ed to read as follows:*

24           “(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) of  
5           such section (insofar as it requires the provision of  
6           coverage to all eligible individuals) through providing  
7           for the enrollment of eligible individuals through an  
8           acceptable alternative mechanism (as defined for pur-  
9           poses of section 2744) that includes a high risk pool  
10          as a component.

11          “(2) *STANDARD RISK RATE.*—The term ‘standard  
12          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 the  
23          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)” after*  
8           *“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 made available to carry out*  
13           *subsection (f)) shall be made available to the States*  
14           *(including entities that operate the high risk pool*  
15           *under applicable State law in a State) that qualify*  
16           *for a grant under subsection (b) as follows:*

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

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

1           *number of uninsured individuals in all such*  
2           *States (as determined by the Secretary).*

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

12           *(d) ADMINISTRATIVE PROVISIONS; ANNUAL REPORT.—*  
13           *Such section is amended by adding at the end the following*  
14           *new subsection:*

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

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

22           “(2) *NO ENTITLEMENT.—Nothing in this section*  
23           *shall be construed as providing a State with an enti-*  
24           *tlement to a grant under this section.*

1           “(3) *ANNUAL REPORT.*—*The Secretary shall sub-*  
2           *mit to Congress an annual report on grants provided*  
3           *under this section. Each such report shall include in-*  
4           *formation on the distribution of such grants among*  
5           *the States and the use of grant funds by States.”.*

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

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

13           (2) *by adding at the end the following new sub-*  
14           *section:*

15           “(f) *BONUS GRANTS FOR SUPPLEMENTAL CONSUMER*  
16           *BENEFITS.*—

17           (1) *IN GENERAL.*—*In the case of each State that*  
18           *has established a qualified high risk pool, the Sec-*  
19           *retary shall provide, from the funds made available*  
20           *under subsection (c)(2) to carry out this subsection, a*  
21           *grant to be used to provide supplemental consumer*  
22           *benefits to enrollees or potential enrollees (or defined*  
23           *subsets of such enrollees or potential enrollees) in*  
24           *qualified high risk pools.*

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

4                   “(A) *Low-income premium subsidies.*

5                   “(B) *A reduction in premium trends, actual*  
6                   *premiums, or other cost-sharing requirements.*

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

12           “(3) *LIMITATION.*—*In no case shall the amount*  
13           *of a grant under this subsection to a State, from the*  
14           *amount made available under subsection (c)(2) for a*  
15           *fiscal year to carry out this subsection, exceed 10 per-*  
16           *cent of the amount so made available.*

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

23           “(5) *FUNDING.*—

24                   “(A) *AVAILABILITY.*—*Funds appropriated*  
25                   *under this subsection for a fiscal year shall re-*

1           *main available for obligation through the end of*  
2           *the following fiscal year.*

3           “(B) *REALLOTMENT.*—*If, on June 30 of a*  
4           *fiscal year for which funds are made available*  
5           *under this subsection, the Secretary determines*  
6           *that the full amounts will not be made available*  
7           *for grants under this subsection, such remaining*  
8           *amounts shall be made available and allotted*  
9           *among qualifying States under subsection (b) for*  
10          *the fiscal year in accordance with the formula*  
11          *under subsection (b)(2).”.*

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