

109TH CONGRESS
1ST SESSION

H. R. 4519

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

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 13, 2005

Mr. SHADEGG introduced the following bill; which was referred to the Committee on Energy and Commerce

A BILL

To amend the Public Health Service Act to extend funding for the 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,*

3 **SECTION 1. SHORT TITLE.**

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

6 **SEC. 2. EXTENSION OF FUNDING FOR OPERATION OF**
7 **STATE HIGH RISK HEALTH INSURANCE**
8 **POOLS.**

9 Section 2745 of the Public Health Service Act (42
10 U.S.C. 300gg–45) is amended to read as follows:

1 **“SEC. 2745. RELIEF FOR HIGH RISK POOLS.**

2 “(a) SEED GRANTS TO STATES.—The Secretary shall
3 provide from the funds appropriated under subsection
4 (d)(1)(A) a grant of up to \$1,000,000 to each State that
5 has not created a qualified high risk pool as of the date
6 of enactment of the State High Risk Pool Funding Exten-
7 sion Act of 2005 for the State’s costs of creation and ini-
8 tial operation of such a pool.

9 “(b) GRANTS FOR OPERATIONAL LOSSES.—

10 “(1) IN GENERAL.—In the case of a State that
11 has established a qualified high risk pool that—

12 “(A) restricts premiums charged under the
13 pool to no more than 200 percent of the pre-
14 mium for applicable standard risk rates;

15 “(B) offers a choice of two or more cov-
16 erage options through the pool; and

17 “(C) has in effect a mechanism reasonably
18 designed to ensure continued funding of losses
19 incurred by the State in connection with oper-
20 ation of the pool after the end of the last fiscal
21 year for which a grant is provided under this
22 paragraph;

23 the Secretary shall provide, from the funds appro-
24 priated under paragraphs (1)(B)(i) and (2)(A) of
25 subsection (d) and allotted to the State under para-

1 graph (2), a grant for the losses incurred by the
2 State in connection with the operation of the pool.

3 “(2) ALLOTMENT.—Subject to paragraph (4),
4 the amounts appropriated under paragraphs
5 (1)(B)(i) and (2)(A) of subsection (d) for a fiscal
6 year shall be allotted and made available to the
7 States (or the entities that operate the high risk pool
8 under applicable State law) that qualify for a grant
9 under paragraph (1) as follows:

10 “(A) An amount equal to 40 percent of
11 such appropriated amount for the fiscal year
12 shall be allotted in equal amounts to each quali-
13 fying State that is one of the 50 States or the
14 District of Columbia and that applies for a
15 grant under this subsection.

16 “(B) An amount equal to 30 percent of
17 such appropriated amount for the fiscal year
18 shall be allotted among qualifying States that
19 apply for such a grant so that the amount allot-
20 ted to such a State bears the same ratio to such
21 appropriated amount as the number of unin-
22 sured individuals in the State bears to the total
23 number of uninsured individuals (as determined
24 by the Secretary) in all qualifying States that
25 so apply.

1 “(C) An amount equal to 30 percent of
2 such appropriated amount for the fiscal year
3 shall be allotted among qualifying States that
4 apply for such a grant so that the amount allot-
5 ted to a State bears the same ratio to such ap-
6 propriated amount as the number of individuals
7 enrolled in health care coverage through the
8 qualified high risk pool of the State bears to the
9 total number of individuals so enrolled through
10 qualified high risk pools (as determined by the
11 Secretary) in all qualifying States that so apply.

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

20 “(4) LIMITATION FOR TERRITORIES.—In no
21 case shall the aggregate amount allotted and made
22 available under paragraph (2) for a fiscal year to
23 States that are not the 50 States or the District of
24 Columbia exceed \$1,000,000.

1 “(c) BONUS GRANTS FOR SUPPLEMENTAL CON-
2 SUMER BENEFITS.—

3 “(1) IN GENERAL.—In the case of a State that
4 is one of the 50 States or the District of Columbia,
5 that has established a qualified high risk pool, and
6 that is receiving a grant under subsection (b)(1), the
7 Secretary shall provide, from the funds appropriated
8 under paragraphs (1)(B)(ii) and (2)(B) of sub-
9 section (d) and allotted to the State under para-
10 graph (3), a grant to be used to provide supple-
11 mental consumer benefits to enrollees or potential
12 enrollees (or defined subsets of such enrollees or po-
13 tential enrollees) in qualified high risk pools.

14 “(2) BENEFITS.—A State shall use amounts re-
15 ceived under a grant under this subsection to pro-
16 vide one or more of the following benefits:

17 “(A) Low-income premium subsidies.

18 “(B) A reduction in premium trends, ac-
19 tual premiums, or other cost-sharing require-
20 ments.

21 “(C) An expansion or broadening of the
22 pool of individuals eligible for coverage, such as
23 through eliminating waiting lists, increasing en-
24 rollment caps, or providing flexibility in enroll-
25 ment rules.

1 “(D) Less stringent rules, or additional
2 waiver authority, with respect to coverage of
3 pre-existing conditions.

4 “(E) Increased benefits.

5 “(F) The establishment of disease manage-
6 ment programs.

7 “(3) ALLOTMENT; LIMITATION.—The Secretary
8 shall allot funds appropriated under paragraphs
9 (1)(B)(ii) and (2)(B) of subsection (d) among States
10 qualifying for a grant under paragraph (1) in a
11 manner specified by the Secretary, but in no case
12 shall the amount so allotted to a State for a fiscal
13 year exceed 10 percent of the funds so appropriated
14 for the fiscal year.

15 “(4) RULE OF CONSTRUCTION.—Nothing in
16 this subsection shall be construed to prohibit a State
17 that, on the date of the enactment of the State High
18 Risk Pool Funding Extension Act of 2005, is in the
19 process of implementing a program to provide bene-
20 fits of the type described in paragraph (2), from
21 being eligible for a grant under this subsection.

22 “(d) FUNDING.—

23 “(1) APPROPRIATION FOR FISCAL YEAR 2006.—
24 There are authorized to be appropriated for fiscal
25 year 2006—

1 “(A) \$15,000,000 to carry out subsection
2 (a); and

3 “(B) \$75,000,000, of which, subject to
4 paragraph (4)—

5 “(i) two-thirds of the amount appro-
6 priated shall be made available for allot-
7 ments under subsection (b)(2); and

8 “(ii) one-third of the amount appro-
9 priated shall be made available for allot-
10 ments under subsection (c)(3).

11 “(2) AUTHORIZATION OF APPROPRIATIONS FOR
12 FISCAL YEARS 2007 THROUGH 2010.—There are au-
13 thorized to be appropriated \$75,000,000 for each of
14 fiscal years 2007 through 2010, of which, subject to
15 paragraph (4)—

16 “(A) two-thirds of the amount appro-
17 priated for a fiscal year shall be made available
18 for allotments under subsection (b)(2); and

19 “(B) one-third of the amount appropriated
20 for a fiscal year shall be made available for al-
21 lotments under under subsection (c)(3).

22 “(3) AVAILABILITY.—Funds appropriated for
23 purposes of carrying out this section for a fiscal year
24 shall remain available for obligation through the end
25 of the following fiscal year.

1 “(4) REALLOTMENT.—If, on June 30 of each
2 fiscal year for which funds are appropriated under
3 paragraph (1)(B) or (2), the Secretary determines
4 that all the amounts so appropriated are not allotted
5 or otherwise made available to States, such remain-
6 ing amounts shall be allotted and made available
7 under subsection (b) among States receiving grants
8 under subsection (b) for the fiscal year based upon
9 the allotment formula specified in such subsection.

10 “(5) NO ENTITLEMENT.—Nothing in this sec-
11 tion shall be construed as providing a State with an
12 entitlement to a grant under this section.

13 “(e) APPLICATIONS.—To be eligible for a grant under
14 this section, a State shall submit to the Secretary an appli-
15 cation at such time, in such manner, and containing such
16 information as the Secretary may require.

17 “(f) ANNUAL REPORT.—The Secretary shall submit
18 to Congress an annual report on grants provided under
19 this section. Each such report shall include information
20 on the distribution of such grants among States and the
21 use of grant funds by States.

22 “(g) DEFINITIONS.—In this section:

23 “(1) QUALIFIED HIGH RISK POOL.—

24 “(A) IN GENERAL.—The term ‘qualified
25 high risk pool’ has the meaning given such term

1 in section 2744(c)(2), except that a State may
2 elect to meet the requirement of subparagraph
3 (A) of such section (insofar as it requires the
4 provision of coverage to all eligible individuals)
5 through providing for the enrollment of eligible
6 individuals through an acceptable alternative
7 mechanism (as defined for purposes of section
8 2744) that includes a high risk pool as a com-
9 ponent.

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

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

17 “(B) that is established using reasonable
18 actuarial techniques; and

19 “(C) that reflects anticipated claims expe-
20 rience and expenses for the coverage involved.

21 “(3) STATE.—The term ‘State’ means any of
22 the 50 States and the District of Columbia and in-
23 cludes Puerto Rico, the Virgin Islands, Guam,

1 American Samoa, and the Northern Mariana Is-
2 lands.”.

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