

## HR 4519, "State High Risk Pool Funding Extension Act of 2005"

Sponsor:

Representative John Shadegg (R-AZ)

In February, 2006, Congress reauthorized the federal High Risk Pool program (which had expired at the end of 2004). It also provided much-needed funding for both the operation of existing High Risk Pools (33 of them) and the creation of new ones in other states.

Funding for FY 2006 was included in the Deficit Reduction Act, S. 1932, and included \$75 million in direct spending to finance grants to state high-risk pools and \$15 million in direct spending to provide seed money for new pools.

The High Risk Pool Program is now authorized for five years, through 2010. Here is a summary of the major provisions:

- Authorizes \$75 million in spending for each of the next five fiscal years (2006 through 2010), subject to annual appropriations.
- Authorizes \$15 million in seed grant funding (up to \$1 million per state) for states to establish new high-risk pools.
- Changes the formula which determines each state's funding -- the new formula is based on three factors: (1) the percentage of uninsured individuals in the state, (2) the number of participants in each state's risk pool, and (3) requires that 40% of the funding be shared equally (benefiting small states).
- Allows state risk pools that charge premiums between 150-200% of a state's standard premium eligible for federal grants (it was capped at 150%), provided they use half their grant funding to reduce premiums for enrollees.
- Authorizes use of "bonus grants," equal to one-third of the total funding provided to state pools, enabling states to provide supplemental benefits to consumers, whether in the form of increased benefits, lower premiums, or expanded eligibility for coverage.

### CAHC Position

We strongly support legislation providing modest federal incentives to state high-risk pools. These arrangements provide critical coverage to those high-risk individuals who cannot buy health insurance in the individual market. We applaud Members of Congress for agreeing to take action in this area, and will work with the appropriations committees in the House and Senate to ensure that high-risk pool grants are funded at their maximum levels in the coming fiscal years.