

.....  
(Original Signature of Member)

109TH CONGRESS  
1ST SESSION

**H. R.** \_\_\_\_\_

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.

\_\_\_\_\_  
**IN THE HOUSE OF REPRESENTATIVES**

Mr. SHADEGG (for himself and [see attached list of cosponsors]) introduced the following bill; which was referred to the Committee on

\_\_\_\_\_  
**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,*

3 **SECTION 1. SHORT TITLE.**

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



1 **SEC. 2. EXTENSION OF FUNDING FOR ESTABLISHMENT AND**  
 2 **OPERATION OF STATE HIGH RISK HEALTH IN-**  
 3 **SURANCE POOLS.**

4 (a) ADDITIONAL SEED GRANT FUNDING.—Sub-  
 5 section (c)(1) of section 2745 of the Public Health Service  
 6 Act (42 U.S.C. 300gg-45) is amended by inserting “and  
 7 \$15,000,000 for fiscal year 2005” after “fiscal year  
 8 2003”.

9 (b) FUNDING FOR OPERATION OF STATE HIGH RISK  
 10 POOLS IN FISCAL YEARS 2005 THROUGH 2009.—Sub-  
 11 section (c)(2) of such section is amended by inserting “and  
 12 \$50,000,000 for each of fiscal years 2005 through 2009”  
 13 after “2004”.

14 (c) CHANGE IN REQUIREMENTS FOR QUALIFIED  
 15 HIGH RISK POOLS.—

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

19 (A) in paragraph (1)(A), by inserting “(or  
 20 200 percent in the case of a State that meets  
 21 the requirements of paragraph (3))” after “150  
 22 percent”;

23 (B) in paragraph (1)(C), by striking “after  
 24 the end of fiscal year 2004” and inserting  
 25 “after the end of the last fiscal year for which  
 26 a grant is provided under this paragraph”; and



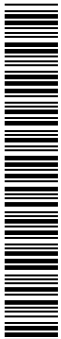
1 (C) by adding at the end the following new  
2 paragraph:

3 “(3) SPECIAL RULE FOR POOLS CHARGING  
4 HIGHER PREMIUMS.—In the case of a qualified high  
5 risk pool of a State which charges premiums that ex-  
6 ceed 150 percent of the premium for applicable  
7 standard risks, the State shall use at least 50 per-  
8 cent of the amount of the grant provided to carry  
9 out this subsection to reduce premiums for enrollees.  
10 ”.

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

14 “(d) DEFINITIONS.—In this section:

15 “(1) QUALIFIED HIGH RISK POOL.—The term  
16 ‘qualified high risk pool’ has the meaning given such  
17 term in section 2744(c)(2), except that a State may  
18 elect to meet the requirement of subparagraph (A)  
19 of such section (insofar as it requires the provision  
20 of coverage to all eligible individuals) through pro-  
21 viding for the enrollment of eligible individuals  
22 through an acceptable alternative mechanism (as de-  
23 fined for purposes of section 2744) that includes a  
24 high risk pool as a component.



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

3                   “(A) is determined under the State high  
4                   risk pool by considering the premium rates  
5                   charged by other health insurers offering health  
6                   insurance coverage to individuals in the insur-  
7                   ance market served;

8                   “(B) is established using reasonable actu-  
9                   arial techniques; and

10                   “(C) reflects anticipated claims experience  
11                   and expenses for the coverage involved.

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

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

17           (d) CHANGE IN ALLOTMENT FORMULA FOR OPER-  
18           ATIONAL GRANTS.—Subsection (b)(2) of such section is  
19           amended—

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

22                   (2) by adding at the end the following:

23           “The amount appropriated under subsection (c)(2) for a  
24           fiscal year beginning with fiscal year 2005 (less the por-  
25           tion of such amount amount made available to carryout



1 subsection (f)) shall be made available to the States (in-  
2 cluding entities that operate the high risk pool under ap-  
3 plicable State law in a State) that qualify for a grant  
4 under subsection (b) as follows:

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

8           “(B) An amount equal to  $\frac{1}{3}$  of such  
9 amount shall be allocated among such States so  
10 that the amount provided to a State bears the  
11 same ratio to such available amount as the  
12 number of uninsured individuals in the State  
13 bears to the total number of uninsured individ-  
14 uals in all such States (as determined by the  
15 Secretary).

16           “(C) An amount equal to  $\frac{1}{3}$  of such  
17 amount shall be allocated among such States so  
18 that the amount provided to a State bears the  
19 same ratio to such available amount as the  
20 number of individuals enrolled in health care  
21 coverage through the qualified high risk pool of  
22 the State bears to the total number of individ-  
23 uals so enrolled through qualified high risk  
24 pools in all such States (as determined by the  
25 Secretary).”.



1 (e) ADMINISTRATIVE PROVISIONS; ANNUAL RE-  
2 PORT.—Such section is amended by adding at the end the  
3 following new subsection:

4 “(e) ADMINISTRATIVE PROVISIONS; ANNUAL RE-  
5 PORT.—

6 “(1) APPLICATIONS.—To be eligible for a grant  
7 under this section, a State shall submit to the Sec-  
8 retary an application at such time, in such manner,  
9 and containing such information as the Secretary  
10 may require.

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

14 “(3) ANNUAL REPORT.—The Secretary shall  
15 submit to Congress an annual report on grants pro-  
16 vided under this section. Each such report shall in-  
17 clude information on the distribution of such grants  
18 among the States and the use of grant funds by  
19 States.”.

20 (f) BONUS GRANTS FOR SUPPLEMENTAL CONSUMER  
21 BENEFITS.—Such section is further amended—

22 (1) in subsection (c)(2), as amended by sub-  
23 section (b), by inserting before the period at the end  
24 the following: “, and up to 10 percent of the amount



1 appropriated for fiscal year 2005 shall be available  
2 to carry out subsection (f)”; and

3 (2) by adding at the end the following new sub-  
4 section:

5 “(f) BONUS GRANTS FOR SUPPLEMENTAL CON-  
6 SUMER BENEFITS.—

7 “(1) IN GENERAL.—In the case of each State  
8 that has established a qualified high risk pool, the  
9 Secretary shall provide, from the funds made avail-  
10 able under subsection (c)(2) to carry out this sub-  
11 section, a grant to be used to provide supplemental  
12 consumer benefits to enrollees or potential enrollees  
13 (or defined subsets of such enrollees or potential en-  
14 rollees) in qualified high risk pools.

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

18 “(A) Low-income premium subsidies.

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

22 “(C) An expansion or broadening of the  
23 pool of individuals eligible for coverage, such as  
24 through eliminating waiting lists, increasing en-



1 rollment caps, or providing flexibility in enroll-  
2 ment rules.

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

8 “(4) RULE OF CONSTRUCTION.—Nothing in  
9 this subsection shall be construed to prohibit a State  
10 that, on the date of enactment of this subsection, is  
11 in the process of implementing programs to provide  
12 benefits of the type described in paragraph (2), from  
13 being eligible for a grant under this subsection.

14 “(5) FUNDING.—

15 “(A) AVAILABILITY.—Funds appropriated  
16 under this subsection for a fiscal year shall re-  
17 main available for obligation through the end of  
18 the following fiscal year.

19 “(B) REALLOTMENT.—If, on June 30 of a  
20 fiscal year for which funds are made available  
21 under this subsection, the Secretary determines  
22 that the full amounts will not be made available  
23 for grants under this subsection, such remain-  
24 ing amounts shall be made available and allot-  
25 ted among qualifying States under subsection



1 (b) for the fiscal year in accordance with the  
2 formula under subsection (b)(2).”.

