

AMENDMENT NO. _____ Calendar No. _____

Purpose: To make certain modifications.

IN THE SENATE OF THE UNITED STATES—109th Cong., 1st Sess.

S. 288

To extend Federal funding for operation of State high risk health insurance pools.

Referred to the Committee on _____
and ordered to be printed

Ordered to lie on the table and to be printed

AMENDMENT intended to be proposed by

Viz:

1 Beginning on page 1 of the amendment, strike line
2 3 and all that follows and insert the following:

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. PROMOTION OF QUALIFIED HIGH RISK POOLS.**

2 “(a) EXTENSION OF SEED GRANTS TO STATES.—

3 The Secretary shall provide from the funds appropriated
4 under subsection (d)(1)(A) a grant of up to \$1,000,000
5 to each State that has not created a qualified high risk
6 pool as of the date of enactment of this section for the
7 State’s costs of creation and initial operation of such a
8 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 150 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 after the end of fiscal
20 year 2004 in connection with operation of the
21 pool;

22 the Secretary shall provide, from the funds appro-
23 priated under subsection (d)(1)(B)(i) and allotted to
24 the State under paragraph (2), a grant for the losses
25 incurred by the State in connection with the oper-
26 ation of the pool.

1 “(2) ALLOTMENT.—The amounts appropriated
2 under subsection (d)(1)(B)(i) for a fiscal year shall
3 be made available to the States (or the entities that
4 operate the high risk pool under applicable State
5 law) as follows:

6 “(A) An amount equal to 50 percent of the
7 appropriated amount for the fiscal year shall be
8 allocated in equal amounts among each eligible
9 State that applies for assistance under this sub-
10 section.

11 “(B) An amount equal to 25 percent of the
12 appropriated amount for the fiscal year shall be
13 allocated among the States so that the amount
14 provided to a State bears the same ratio to
15 such available amount as the number of unin-
16 sured individuals in the State bears to the total
17 number of uninsured individuals in all States
18 (as determined by the Secretary).

19 “(C) An amount equal to 25 percent of the
20 appropriated amount for the fiscal year shall be
21 allocated among the States so that the amount
22 provided to a State bears the same ratio to
23 such available amount as the number of individ-
24 uals enrolled in health care coverage through
25 the qualified high risk pool of the State bears

1 to the total number of individuals so enrolled
2 through qualified high risk pools in all States
3 (as determined by the Secretary).

4 “(c) BONUS GRANTS FOR SUPPLEMENTAL CON-
5 SUMER BENEFITS.—

6 “(1) IN GENERAL.—In the case of a State that
7 has established a qualified high risk pool, the Sec-
8 retary shall provide, from the funds appropriated
9 under subsection (d)(1)(B)(ii) and allotted to the
10 State under paragraph (3), a grant to be used to
11 provide supplemental consumer benefits to enrollees
12 or potential enrollees (or defined subsets of such en-
13 rollees or potential enrollees) in qualified high risk
14 pools.

15 “(2) BENEFITS.—A State shall use amounts re-
16 ceived under a grant under this subsection to pro-
17 vide 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, includ-
24 ing eliminating waiting lists, increasing enroll-

1 ment caps, or providing flexibility in enrollment
2 rules.

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

6 “(E) Increased benefits.

7 “(F) The establishment of disease manage-
8 ment programs.

9 “(3) LIMITATION.—In allotting amounts under
10 this subsection, the Secretary shall ensure that no
11 State receives an amount that exceeds 10 percent of
12 the amount appropriated for the fiscal year involved
13 under subsection (d)(1)(B)(ii).

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

21 “(d) FUNDING.—

22 “(1) IN GENERAL.—Out of any money in the
23 Treasury of the United States not otherwise appro-
24 priated, there are authorized and appropriated—

1 “(A) \$15,000,000 for the period of fiscal
2 years 2005 and 2006 to carry out subsection
3 (a); and

4 “(B) \$75,000,000 for each of fiscal years
5 2005 through 2009, of which—

6 “(i) two-thirds of the amount appro-
7 priated for a fiscal year shall be made
8 available for allotments under subsection
9 (b)(2); and

10 “(ii) one-third of the amount appro-
11 priated for a fiscal year shall be made
12 available for allotments under subsection
13 (c)(2).

14 “(2) AVAILABILITY.—Funds appropriated
15 under this subsection for a fiscal year shall remain
16 available for obligation through the end of the fol-
17 lowing fiscal year.

18 “(3) REALLOTMENT.—If, on June 30 of each
19 fiscal year, the Secretary determines that all
20 amounts appropriated under paragraph (1)(B)(ii)
21 for the fiscal year are not allotted, such remaining
22 amounts shall be allotted among States receiving
23 grants under subsection (b) for the fiscal year in
24 amounts determined appropriate by the Secretary.

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

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

8 “(f) DEFINITIONS.—In this section:

9 “(1) QUALIFIED HIGH RISK POOL.—

10 “(A) IN GENERAL.—The term ‘qualified
11 high risk pool’ has the meaning given such term
12 in section 2744(c)(2), except that with respect
13 to subparagraph (A) of such section a State
14 may elect to provide for the enrollment of eligi-
15 ble individuals through—

16 “(i) a combination of a qualified high
17 risk pool and an acceptable alternative
18 mechanism; or

19 “(ii) other health insurance coverage
20 described in subparagraph (B).

21 “(B) HEALTH INSURANCE COVERAGE.—
22 Health insurance coverage described in this
23 subparagraph is individual health insurance
24 coverage—

1 “(i) that meets the requirements of
2 section 2741;

3 “(ii) that is subject to limits on the
4 rates charged to individuals;

5 “(iii) that is available to all individ-
6 uals eligible for health insurance coverage
7 under this title who are not able to partici-
8 pate in a qualified high risk pool; and

9 “(iv) the defined rate limit of which
10 does not exceed the limit allowed for a
11 qualified risk pool that is otherwise eligible
12 to receive assistance under a grant under
13 this section.

14 “(C) OTHER COVERAGE.—In addition to
15 coverage described in subparagraph (B), a
16 State may provide for the offering of health in-
17 surance coverage that provides first dollar cov-
18 erage, limits on cost-sharing, and comprehen-
19 sive medical, hospital and surgical coverage, if
20 the limits on rates for such coverage do not ex-
21 ceed 125 percent of the limit described in sub-
22 paragraph (B)(iv).

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

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

6 “(B) that is established using reasonable
7 actuarial techniques; and

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

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