Federal -Funded High- Risk Pool Questions & Answers

What is the new federal funded high risk insurance pool?
The purpose of the federal high-risk pool is to provide health insurance for Americans who are uninsured and have a pre-existing condition. This program will provide insurance coverage for people with pre-existing conditions until 2014, when private insurance companies can no longer deny a person coverage based on his/her medical history or health conditions.

The Secretary of Health & Human Services (HHS) will contract with individual states for the administration of the federal pool. If a state opts out, the federal government will make the pool available through alternative sources. Currently, thirty two states have expressed an interest in operating the federal pool, and nineteen states have opted to have the federal government operate their pool.

On April 30, Governor Ted Kulongoski sent a letter to the Secretary of HHS indicating Oregon's interest in administering the federal funded high risk pool through the existing Oregon Medical Insurance Pool (OMIP). There are two prominent issues that may have an impact on whether Oregon contracts with the federal government. First, we seek assurance that Oregon will have no liability to cover any costs related to the federal high risk pool in the event the federal allocation is exhausted. Second, we need agreement that OMIP will not be required to maintain the same expenditure level it realized in 2009. If Oregon chooses not to enter into a contract with HHS, the federal government will make the pool available to Oregon residents through another source.

When will the states have more details about the federal funded pool?
The following is a tentative timeline outlined by HHS:

- During the first week of May, HHS plans to issue a formal solicitation for state high risk pool proposals. States that have indicated interest will receive a contract application packet.
- The due date for state proposals will be sometime at the end of May 2010.
- During the first week of June 2010, HHS plans to issue an interim final regulation for the high risk pool program.
- By the end of June 2010, the Center for Medicare and Medicaid Services (CMS) and the state will make a decision on whether to proceed with contracting for the high- risk pool program.
- Funding for the high-risk pool contracts is scheduled to be available by July 2010.

When does the program start?
The new federal-funded pool is expected to begin accepting applications on July 1, 2010 and will be administered by the Oregon Medical Insurance Pool (OMIP) board (subject to negotiation and contracting with the U.S. Department of Health & Human Services (HHS)).

Who is eligible for this pool?
An Oregon resident who is also a U.S. citizen (or lawfully present in the United States) with a pre-existing health condition. The U.S. Secretary of Health & Human Services will be defining "pre-existing condition" in the coming weeks. The individual must have been uninsured for at least six months at the time of application.

How is funding for the federal pool different than the current OMIP?
The biggest difference is that the current OMIP program is funded by a combination of member premiums and an assessment on health insurance companies while the new federal-funded pool will be funded by a combination of member premiums and funds from the federal government. The intent of the OMIP board is to structure the federal pool to be nearly identical to OMIP. A seamless and transparent structure will simplify the application process, aid in communicating the benefit plan details, and make better use of program funds For example, we expect to have one application for both programs.

What will the health insurance coverage look like?
The intent is to offer the existing four OMIP plans. However, there will be no six month waiting period for pre-existing conditions for those eligible for the federal pool coverage.

How much will the new plans cost?
The premiums will be equal to the average premiums in the private market for comparable plans. This amount will not be known until the HHS Secretary provides final clarifications on benefit design.

How long will this federal pool coverage last?
January 1, 2014. At that time, private insurance companies will not be able to deny coverage for a pre-existing condition, and both the federal funded pool and OMIP will not be needed. However, we may be required to cap enrollment if the federal funds allocated to Oregon are insufficient to allow unlimited enrollment.

Will currently enrolled participants in OMIP see a reduction in their premium costs with new federal healthcare dollars?
We do not know at this point. Although we are only in the beginning stages of working with the federal government in structuring the federal-funded high-risk pool, it is our current understanding that the $5 billion appropriated for this program is to be used only to pay a portion of the claims and administration costs of the new pool. However, the existence of the new federal-funded pool may have the affect of shifting future cost (new medical eligible enrollment) from the current OMIP pool to the federal-funded pool and therefore may reduce the cost of running the existing OMIP pool over time.

Will current OMIP enrollees be able to join the federal funded pool?
Current OMIP enrollees would not be eligible for the new federal funded pool due to the eligibility requirement that the individual be uninsured for at least six months prior to application.

Please visit the OMIP website at: http://www.omip.state.or.us/ for continuing updates to this information.