



Insight

High-Risk Insurance Pools Are Attracting Few

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From The New York Times by Kevin Sack

After the health care law passed, concerns emerged immediately that a \$5 billion appropriation would not be nearly enough to cover the hordes expected to enroll in a network of new insurance pools for people with pre-existing conditions. The government's health care actuary projected that hundreds of thousands of otherwise uninsurable people would rush to gain coverage this year, and that the money would be exhausted by 2012.

Instead, after two or three months of operation in most states, the plans have enrolled only 8,011 people, according to figures made available for the first time by the Department of Health and Human Services. Although there are notable exceptions, enrollment in most states as of Nov. 1 was well below 10 percent of capacity.

New York and Florida, for instance, have each enrolled fewer than 300, and 21 states have fewer than 50.

The slow start-up, which officials believe will accelerate next year, is cause for concern not only for the Democratic administration but also for the new Republican majority in the House of Representatives. Although Republicans opposed the health care law as a whole, they have long embraced high-risk pools as an answer to the plight of the chronically uninsured.

The party's presidential nominee in 2008, Senator John McCain of Arizona, called for a vast expansion of the pools, and House Republicans in this year's campaign reiterated the call in their "Pledge to America."

"The pools are our major solution," said Representative John Shimkus, an Illinois Republican who is in line to become chairman of the health subcommittee of the Energy and Commerce Committee. Mr. Shimkus said Republicans had proposed spending \$25 billion on risk pools over 10 years.

"If you give the states the power to use their money," Mr. Shimkus said, "or to do cross-state compacts where they can build that pool, then I'm not one to say that doesn't solve the problem."

Administrators of the risk pools, which are formally called Pre-existing Condition Insurance Plans, point to a variety of explanations for low enrollment: lack of awareness among a hard-to-reach target population, a requirement that applicants be uninsured for at least six months and premiums that, although set at market rates, are often unaffordable. Starting on Jan. 1, the Department of Health and Human Services hopes to draw more interest by giving consumers choices of plans with different costs and deductibles.

"We've had about 350 applications, and I would characterize that as less than expected," said Amie Goldman, chief executive of Wisconsin's risk pool and chairwoman of a national association of state risk pool directors. "We're all committed to getting there and spending all \$5 billion and helping as many people as possible. But

it's a new program, and you kind of have to roll it out.”

The program's intent, however, was to fill a need quickly. By offering coverage to some of the country's most medically desperate people, the risk pools were devised to serve as a bridge until 2014, when the law will require insurers to accept all applicants regardless of their health (that already applies to children under 19, under a provision that took effect in September).

Unlike most commercial insurers, the risk pools accept individuals with any of a list of risky health conditions, like cancer or hypertension.

Edward J. Kenyon Jr., 49, an electrician in Sanford, Me., whose multiple myeloma, a blood cancer, was diagnosed last spring, said the policy he bought in August from that state's pool had been a godsend.

Mr. Kenyon, who is self-employed, said he had not been able to afford health insurance for 20 years, and was managing to pay for a share of his chemotherapy treatments only through fund-raising by his family and friends.

His cancer diagnosis, of course, made him uninsurable. When his doctors told him that he needed a bone marrow transplant, and that it could cost \$350,000, he said he had to laugh to keep from crying.

With the risk-pool coverage in effect, Mr. Kenyon has scheduled the transplant for Nov. 26. His monthly premium, he said, runs \$419.54, with a \$1,000 deductible.

“It's just been an enormous load lifted off of us,” Mr. Kenyon said. “We can try to think about what's ahead of us with this transplant. One of the things they say when you're getting treated for something like this is that you need to not be worried and just focus on getting well.”

As recently as April, the chief actuary for Medicare and Medicaid estimated that 375,000 people would enroll in the risk pools this year. In an interview, Richard A. Popper, director of insurance programs in the Department of Health and Human Services, deflected questions about whether he was disappointed in the current pace of enrollment.

“It takes a while for advocates and stakeholders to realize there's this new plan,” Mr. Popper said. “We're delighted the program is out there and making a difference in people's lives and keeping people alive.”

Before the law took effect, 35 states already operated their own risk pools, insuring a total of 208,000 people. But many of those pools require waiting periods for coverage of certain ailments, and premiums are typically 125 percent to 200 percent of standard rates, often making the policies impractical or unaffordable.

The new pools authorized by the health care law do not have waiting periods (although applicants must be uninsured for six months) and premiums cannot be higher than normal rates. Out-of-pocket costs are capped at \$5,950 a person, and there are limits on how much rates can vary with age.

Twenty-seven states opted under the law to run their own pools, while the federal government is administering the others. Premiums and benefit options vary by state. A recent study by The Commonwealth Fund, a nonpartisan health research group, found that monthly prices for a nonsmoking 50-year-old ranged from \$240 for a \$5,000 deductible plan in Utah to \$1,006 for a \$1,500 deductible plan in Alaska.

The study estimated that 6 million of the country's 50.7 million uninsured might be eligible for the new pools.

Finding them is not always easy, and experience has shown it can be inefficient to market niche insurance programs through radio and television advertising. Instead, state risk pool directors said they were trying to get the word out to doctors, hospitals and insurance agents.

Several encouraged the federal government to invest more in marketing. Mr. Popper said there were no plans for broad-based national advertising.

"I really think that people are not aware of the federal pool, there's no question about that," said Kären J. Larson, director of the pool in Washington State. "Just going around in my daily life, people that you would expect to know, like providers, don't know. It's just too far down in the details of health reform."

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