

109<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 3204

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## AN ACT

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,*

1 **SECTION 1. SHORT TITLE.**

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

4 **SEC. 2. EXTENSION OF FUNDING FOR ESTABLISHMENT AND**  
5 **OPERATION OF STATE HIGH RISK HEALTH IN-**  
6 **SURANCE POOLS.**

7 (a) **AUTHORIZATION OF APPROPRIATIONS.**—Sub-  
8 section (c) of section 2745 of the Public Health Service  
9 Act (42 U.S.C. 300gg–45) is amended to read as follows:

10 “(c) **AUTHORIZATION OF APPROPRIATIONS.**—

11 “(1) **SEED GRANTS.**—For the purpose of car-  
12 rying out subsection (a), there is authorized to be  
13 appropriated \$15,000,000 for fiscal year 2005.

14 “(2) **OPERATION OF POOLS.**—For the purpose  
15 of carrying out subsection (b), there is authorized to  
16 be appropriated \$50,000,000 for each of the fiscal  
17 years 2005 through 2009.

18 “(3) **AVAILABILITY; RULE OF CONSTRUC-**  
19 **TION.**—Funds appropriated under this subsection  
20 for a fiscal year shall remain available for obligation  
21 through the end of the following fiscal year. Nothing  
22 in this section shall be construed as providing a  
23 State with an entitlement to a grant under this sec-  
24 tion.”.

25 (b) **CHANGE IN REQUIREMENTS FOR QUALIFIED**  
26 **HIGH RISK POOLS.**—

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

4                   (A) in paragraph (1)(A), by inserting “(or  
5                   200 percent in the case of a State that meets  
6                   the requirements of paragraph (3))” after “150  
7                   percent”;

8                   (B) in paragraph (1)(C), by striking “after  
9                   the end of fiscal year 2004” and inserting  
10                  “after the end of the last fiscal year for which  
11                  a grant is provided under this paragraph”; and

12                  (C) by adding at the end the following new  
13                  paragraph:

14                  “(3) SPECIAL RULE FOR POOLS CHARGING  
15                  HIGHER PREMIUMS.—In the case of a qualified high  
16                  risk pool of a State which charges premiums that ex-  
17                  ceed 150 percent of the premium for applicable  
18                  standard risks, the State shall use at least 50 per-  
19                  cent of the amount of the grant provided to carry  
20                  out this subsection to reduce premiums for enroll-  
21                  ees.”.

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

25           “(d) DEFINITIONS.—In this section:

1           “(1) QUALIFIED HIGH RISK POOL.—The term  
2           ‘qualified high risk pool’ has the meaning given such  
3           term in section 2744(c)(2), except that a State may  
4           elect to meet the requirement of subparagraph (A)  
5           of such section (insofar as it requires the provision  
6           of coverage to all eligible individuals) through pro-  
7           viding for the enrollment of eligible individuals  
8           through an acceptable alternative mechanism (as de-  
9           fined for purposes of section 2744) that includes a  
10          high risk pool as a component.

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

13                 “(A) is determined under the State high  
14                 risk pool by considering the premium rates  
15                 charged by other health insurers offering health  
16                 insurance coverage to individuals in the insur-  
17                 ance market served;

18                 “(B) is established using reasonable actu-  
19                 arial techniques; and

20                 “(C) reflects anticipated claims experience  
21                 and expenses for the coverage involved.

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

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

4           (c) CHANGE IN ALLOTMENT FORMULA FOR OPER-  
5           ATIONAL GRANTS.—Subsection (b)(2) of such section is  
6           amended—

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

9           (2) by adding at the end the following: “The  
10           amount appropriated under subsection (c)(2) for a  
11           fiscal year beginning with fiscal year 2005 (less the  
12           portion of such amount amount made available to  
13           carry out subsection (f)) shall be made available to  
14           the States (including entities that operate the high  
15           risk pool under applicable State law in a State) that  
16           qualify for a grant under subsection (b) as follows:

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

20                   “(B) An amount equal to  $\frac{1}{3}$  of such  
21                   amount shall be allocated among such States so  
22                   that the amount provided to a State bears the  
23                   same ratio to such available amount as the  
24                   number of uninsured individuals in the State  
25                   bears to the total number of uninsured individ-

1 uals in all such States (as determined by the  
2 Secretary).

3 “(C) An amount equal to  $\frac{1}{3}$  of such  
4 amount shall be allocated among such States so  
5 that the amount provided to a State bears the  
6 same ratio to such available amount as the  
7 number of individuals enrolled in health care  
8 coverage through the qualified high risk pool of  
9 the State bears to the total number of individ-  
10 uals so enrolled through qualified high risk  
11 pools in all such States (as determined by the  
12 Secretary).”.

13 (d) ADMINISTRATIVE PROVISIONS; ANNUAL RE-  
14 PORT.—Such section is amended by adding at the end the  
15 following new subsection:

16 “(e) ADMINISTRATIVE PROVISIONS; ANNUAL RE-  
17 PORT.—

18 “(1) APPLICATIONS.—To be eligible for a grant  
19 under this section, a State shall submit to the Sec-  
20 retary an application at such time, in such manner,  
21 and containing such information as the Secretary  
22 may require.

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

1           “(3) ANNUAL REPORT.—The Secretary shall  
2           submit to Congress an annual report on grants pro-  
3           vided under this section. Each such report shall in-  
4           clude information on the distribution of such grants  
5           among the States and the use of grant funds by  
6           States.”.

7           (e) BONUS GRANTS FOR SUPPLEMENTAL CONSUMER  
8           BENEFITS.—Such section is further amended—

9           (1) in subsection (c)(2), as added by subsection  
10          (a), by adding at the end the following: “Of the  
11          amount appropriated under the preceding sentence  
12          for fiscal year 2005, up to 50 percent shall be avail-  
13          able for the purpose of carrying out subsection (f).”;  
14          and

15          (2) by adding at the end the following new sub-  
16          section:

17          “(f) BONUS GRANTS FOR SUPPLEMENTAL CON-  
18          SUMER BENEFITS.—

19                 “(1) IN GENERAL.—In the case of each State  
20                 that has established a qualified high risk pool, the  
21                 Secretary shall provide, from the funds made avail-  
22                 able under subsection (c)(2) to carry out this sub-  
23                 section, a grant to be used to provide supplemental  
24                 consumer benefits to enrollees or potential enrollees

1 (or defined subsets of such enrollees or potential en-  
2 rollees) in qualified high risk pools.

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

6 “(A) Low-income premium subsidies.

7 “(B) A reduction in premium trends, ac-  
8 tual premiums, or other cost-sharing require-  
9 ments.

10 “(C) An expansion or broadening of the  
11 pool of individuals eligible for coverage, such as  
12 through eliminating waiting lists, increasing en-  
13 rollment caps, or providing flexibility in enroll-  
14 ment rules.

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

20 “(4) RULE OF CONSTRUCTION.—Nothing in  
21 this subsection shall be construed to prohibit a State  
22 that, on the date of enactment of this subsection, is  
23 in the process of implementing programs to provide  
24 benefits of the type described in paragraph (2), from  
25 being eligible for a grant under this subsection.

1 “(5) FUNDING.—

2 “(A) AVAILABILITY.—Funds appropriated  
3 under this subsection for a fiscal year shall re-  
4 main available for obligation through the end of  
5 the following fiscal year.

6 “(B) REALLOTMENT.—If, on June 30 of a  
7 fiscal year for which funds are made available  
8 under this subsection, the Secretary determines  
9 that the full amounts will not be made available  
10 for grants under this subsection, such remain-  
11 ing amounts shall be made available and allot-  
12 ted among qualifying States under subsection  
13 (b) for the fiscal year in accordance with the  
14 formula under subsection (b)(2).”.

Passed the House of Representatives July 27, 2005.

Attest:

*Clerk.*



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