

109<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 4519

---

IN THE SENATE OF THE UNITED STATES

DECEMBER 17, 2005

Received

JANUARY 27, 2006

Read twice and referred to the Committee on Health, Education, Labor, and  
Pensions

---

## AN ACT

To amend the Public Health Service Act to extend funding  
for the 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 OPERATION OF**  
5 **STATE HIGH RISK HEALTH INSURANCE**  
6 **POOLS.**

7 Section 2745 of the Public Health Service Act (42  
8 U.S.C. 300gg–45) is amended to read as follows:

9 **“SEC. 2745. RELIEF FOR HIGH RISK POOLS.**

10 “(a) SEED GRANTS TO STATES.—The Secretary shall  
11 provide from the funds appropriated under subsection  
12 (d)(1)(A) a grant of up to \$1,000,000 to each State that  
13 has not created a qualified high risk pool as of the date  
14 of enactment of the State High Risk Pool Funding Exten-  
15 sion Act of 2005 for the State’s costs of creation and ini-  
16 tial operation of such a pool.

17 “(b) GRANTS FOR OPERATIONAL LOSSES.—

18 “(1) IN GENERAL.—In the case of a State that  
19 has established a qualified high risk pool that—

20 “(A) restricts premiums charged under the  
21 pool to no more than 200 percent of the pre-  
22 mium for applicable standard risk rates;

23 “(B) offers a choice of two or more cov-  
24 erage options through the pool; and

25 “(C) has in effect a mechanism reasonably  
26 designed to ensure continued funding of losses

1           incurred by the State in connection with oper-  
2           ation of the pool after the end of the last fiscal  
3           year for which a grant is provided under this  
4           paragraph;

5           the Secretary shall provide, from the funds appro-  
6           priated under paragraphs (1)(B)(i) and (2)(A) of  
7           subsection (d) and allotted to the State under para-  
8           graph (2), a grant for the losses incurred by the  
9           State in connection with the operation of the pool.

10           “(2) ALLOTMENT.—Subject to paragraph (4),  
11           the amounts appropriated under paragraphs  
12           (1)(B)(i) and (2)(A) of subsection (d) for a fiscal  
13           year shall be allotted and made available to the  
14           States (or the entities that operate the high risk pool  
15           under applicable State law) that qualify for a grant  
16           under paragraph (1) as follows:

17           “(A) An amount equal to 40 percent of  
18           such appropriated amount for the fiscal year  
19           shall be allotted in equal amounts to each quali-  
20           fying State that is one of the 50 States or the  
21           District of Columbia and that applies for a  
22           grant under this subsection.

23           “(B) An amount equal to 30 percent of  
24           such appropriated amount for the fiscal year  
25           shall be allotted among qualifying States that

1 apply for such a grant so that the amount allot-  
2 ted to such a State bears the same ratio to such  
3 appropriated amount as the number of unin-  
4 sured individuals in the State bears to the total  
5 number of uninsured individuals (as determined  
6 by the Secretary) in all qualifying States that  
7 so apply.

8 “(C) An amount equal to 30 percent of  
9 such appropriated amount for the fiscal year  
10 shall be allotted among qualifying States that  
11 apply for such a grant so that the amount allot-  
12 ted to a State bears the same ratio to such ap-  
13 propriated amount as the number of individuals  
14 enrolled in health care coverage through the  
15 qualified high risk pool of the State bears to the  
16 total number of individuals so enrolled through  
17 qualified high risk pools (as determined by the  
18 Secretary) in all qualifying States that so apply.

19 “(3) SPECIAL RULE FOR POOLS CHARGING  
20 HIGHER PREMIUMS.—In the case of a qualified high  
21 risk pool of a State which charges premiums that ex-  
22 ceed 150 percent of the premium for applicable  
23 standard risks, the State shall use at least 50 per-  
24 cent of the amount of the grant provided to the

1 State to carry out this subsection to reduce pre-  
2 miums for enrollees.

3 “(4) LIMITATION FOR TERRITORIES.—In no  
4 case shall the aggregate amount allotted and made  
5 available under paragraph (2) for a fiscal year to  
6 States that are not the 50 States or the District of  
7 Columbia exceed \$1,000,000.

8 “(c) BONUS GRANTS FOR SUPPLEMENTAL CON-  
9 SUMER BENEFITS.—

10 “(1) IN GENERAL.—In the case of a State that  
11 is one of the 50 States or the District of Columbia,  
12 that has established a qualified high risk pool, and  
13 that is receiving a grant under subsection (b)(1), the  
14 Secretary shall provide, from the funds appropriated  
15 under paragraphs (1)(B)(ii) and (2)(B) of sub-  
16 section (d) and allotted to the State under para-  
17 graph (3), a grant to be used to provide supple-  
18 mental consumer benefits to enrollees or potential  
19 enrollees (or defined subsets of such enrollees or po-  
20 tential enrollees) in qualified high risk pools.

21 “(2) BENEFITS.—A State shall use amounts re-  
22 ceived under a grant under this subsection to pro-  
23 vide one or more of the following benefits:

24 “(A) Low-income premium subsidies.

1           “(B) A reduction in premium trends, ac-  
2           tual premiums, or other cost-sharing require-  
3           ments.

4           “(C) An expansion or broadening of the  
5           pool of individuals eligible for coverage, such as  
6           through eliminating waiting lists, increasing en-  
7           rollment caps, or providing flexibility in enroll-  
8           ment rules.

9           “(D) Less stringent rules, or additional  
10          waiver authority, with respect to coverage of  
11          pre-existing conditions.

12          “(E) Increased benefits.

13          “(F) The establishment of disease manage-  
14          ment programs.

15          “(3) ALLOTMENT; LIMITATION.—The Secretary  
16          shall allot funds appropriated under paragraphs  
17          (1)(B)(ii) and (2)(B) of subsection (d) among States  
18          qualifying for a grant under paragraph (1) in a  
19          manner specified by the Secretary, but in no case  
20          shall the amount so allotted to a State for a fiscal  
21          year exceed 10 percent of the funds so appropriated  
22          for the fiscal year.

23          “(4) RULE OF CONSTRUCTION.—Nothing in  
24          this subsection shall be construed to prohibit a State  
25          that, on the date of the enactment of the State High

1 Risk Pool Funding Extension Act of 2005, is in the  
2 process of implementing a program to provide bene-  
3 fits of the type described in paragraph (2), from  
4 being eligible for a grant under this subsection.

5 “(d) FUNDING.—

6 “(1) APPROPRIATION FOR FISCAL YEAR 2006.—

7 There are authorized to be appropriated for fiscal  
8 year 2006—

9 “(A) \$15,000,000 to carry out subsection  
10 (a); and

11 “(B) \$75,000,000, of which, subject to  
12 paragraph (4)—

13 “(i) two-thirds of the amount appro-  
14 priated shall be made available for allot-  
15 ments under subsection (b)(2); and

16 “(ii) one-third of the amount appro-  
17 priated shall be made available for allot-  
18 ments under subsection (c)(3).

19 “(2) AUTHORIZATION OF APPROPRIATIONS FOR  
20 FISCAL YEARS 2007 THROUGH 2010.—There are au-  
21 thorized to be appropriated \$75,000,000 for each of  
22 fiscal years 2007 through 2010, of which, subject to  
23 paragraph (4)—

1           “(A) two-thirds of the amount appro-  
2           priated for a fiscal year shall be made available  
3           for allotments under subsection (b)(2); and

4           “(B) one-third of the amount appropriated  
5           for a fiscal year shall be made available for al-  
6           lotments under under subsection (c)(3).

7           “(3) AVAILABILITY.—Funds appropriated for  
8           purposes of carrying out this section for a fiscal year  
9           shall remain available for obligation through the end  
10          of the following fiscal year.

11          “(4) REALLOTMENT.—If, on June 30 of each  
12          fiscal year for which funds are appropriated under  
13          paragraph (1)(B) or (2), the Secretary determines  
14          that all the amounts so appropriated are not allotted  
15          or otherwise made available to States, such remain-  
16          ing amounts shall be allotted and made available  
17          under subsection (b) among States receiving grants  
18          under subsection (b) for the fiscal year based upon  
19          the allotment formula specified in such subsection.

20          “(5) NO ENTITLEMENT.—Nothing in this sec-  
21          tion shall be construed as providing a State with an  
22          entitlement to a grant under this section.

23          “(e) APPLICATIONS.—To be eligible for a grant under  
24          this section, a State shall submit to the Secretary an appli-

1 cation at such time, in such manner, and containing such  
2 information as the Secretary may require.

3 “(f) ANNUAL REPORT.—The Secretary shall submit  
4 to Congress an annual report on grants provided under  
5 this section. Each such report shall include information  
6 on the distribution of such grants among States and the  
7 use of grant funds by States.

8 “(g) 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 a State may  
13 elect to meet the requirement of subparagraph  
14 (A) of such section (insofar as it requires the  
15 provision of coverage to all eligible individuals)  
16 through providing for the enrollment of eligible  
17 individuals through an acceptable alternative  
18 mechanism (as defined for purposes of section  
19 2744) that includes a high risk pool as a com-  
20 ponent.

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

23 “(A) determined under the State high risk  
24 pool by considering the premium rates charged  
25 by other health insurers offering health insur-

1           ance coverage to individuals in the insurance  
2           market served;

3                   “(B) that is established using reasonable  
4           actuarial techniques; and

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

7                   “(3) STATE.—The term ‘State’ means any of  
8           the 50 States and the District of Columbia and in-  
9           cludes Puerto Rico, the Virgin Islands, Guam,  
10          American Samoa, and the Northern Mariana Is-  
11          lands.”.

        Passed the House of Representatives December 17,  
2005.

Attest:

KAREN L. HAAS,

*Clerk.*