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HHS TO AWARD \$80 MILLION TO STATES TO OFFSET COSTS OF INSURANCE FOR RESIDENTS TOO SICK FOR CONVENTIONAL COVERAGE

HHS Secretary Tommy G. Thompson today announced the availability of \$80 million in grants for states that provide health insurance to residents who cannot get conventional health coverage because they are too sick.

The grants would be used by states to offset losses they may incur operating high-risk pools, which are typically state-created non-profit association that offers health coverage to individuals with serious medical conditions. Enrollment in these pools is growing, with more than 153,000 individuals enrolled in state pools.

“These grants will make it more affordable for states to expand access to health care through high risk pools for the uninsured,” Secretary Thompson said. “Individuals who benefit from these pools usually have a history of health problems that make it extremely difficult to find affordable health coverage in the individual market.”

The funding announced today will be awarded over two years, as authorized in the Trade Adjustment Assistance Reform Act of 2002. To be eligible, a state must have a “qualified” high-risk pool that meets the criteria specified in the Trade Act and must follow such rules as capping premiums at no higher than 150 percent of the standard charge in the state. States may be eligible for a grant that matches up to 50 percent of the losses incurred in the operation of the risk pools. Funds will be distributed based on the number of uninsured individuals in each state. HHS’ Center for Medicare & Medicaid Services (CMS) will administer the program.

To date, 22 states have high-risk pools that meet the “qualified” criteria. In November, HHS also announced the availability of grants of up to \$1 million each for states to use as seed money to establish high-risk pools. A total of \$20 million is available under that program.

The grants to support state high-risks pools are one piece in the Bush Administration’s broad strategy for expanding access to health care for the more than 40 million Americans without health insurance. The President’s fiscal year 2004 budget plan would expand community health centers that care for the uninsured, strengthen and modernize the Medicaid program, offer health tax credits to help individuals obtain insurance, and extend Medicaid and State Children's Health Insurance Program (SCHIP) coverage to more Americans who otherwise would go without coverage.

“Getting health insurance to the uninsured has been a high priority of the Bush Administration,” said CMS Administrator Tom Scully. “These new grants for high-risk pools will help get coverage to people who otherwise would not have access to health care.”

Information about this new program and how states may apply for a grant will be included in a final rule with comment period to be published May 2 in the Federal Register. More information about risk pools is available at www.cms.hhs.gov/riskpool. More information about the President’s initiatives to help the uninsured is available at <http://www.hhs.gov/news/press/2003pres/20030211.html>.

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