

# Temporary high-risk pools

## Questions and Answers About Health Reform

July 2010

### Overview

One of the first provisions to go into effect under the Patient Protection and Affordable Care Act is the creation of a temporary high-risk pool program to offer coverage to otherwise uninsurable individuals. The program is an interim measure designed to increase access to insurance for individuals with pre-existing conditions until the guaranteed issue and health insurance exchange provisions take effect in 2014. The law appropriates \$5 billion in federal funds to run the state pools, allocated among the states using a formula similar to that for the Children's Health Insurance Program.

#### *When are the temporary high-risk pools effective?*

- Programs are to begin July 1, 2010, and continue through December 31, 2013.

#### *Who is eligible to buy coverage through the new risk pools?*

- An individual who (1) has been uninsured for six months prior to applying, (2) has a pre-existing condition, and (3) is a citizen or national of the United States or lawfully present in the United States.

#### *Can people move from more expensive insurance to the new risk pools?*

- Not without meeting the eligibility requirements for the high-risk pool program noted above.

#### *How are the premiums calculated?*

- Premiums will be set at the standard rate for the standard individual population. In other words, they may not exceed 100 percent of the standard non-group rate for the geography in question. In addition, rates may not vary by age more than 4:1.

#### *What are the benefits?*

- Plans must have an actuarial value equal to at least 65 percent of total allowed costs, an out-of-pocket limit no greater than that of high-deductible health plans linked to health savings accounts (currently \$5,950 for an individual), and will not have a pre-existing condition exclusion.

#### *Who runs the pools?*

- A state may elect to operate the new high-risk pool. HHS will operate the high-risk pool coverage program for those states that elect not to operate their own.

#### *Will these pools operate alongside current state high-risk pools?*

- States are currently working through this issue. Because the new pools are required to meet new federal standards for benefits and costs that existing state pools do not have to meet, states are considering whether to keep the new pools separate rather than merge them into their existing ones.

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