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## Federal Pre-Existing Condition Insurance Plan Broadens Access to Uninsured Individuals

By: [Christopher P. Dean](#)

A recent [Government Accountability Office \(GAO\) report \[PDF\]](#) on the federal Pre-existing Condition Insurance Plan (the PCIP) noted that the fledgling program had enrolled only a fraction of its anticipated enrollees during its first year. Initially the PCIP permitted individuals to obtain subsidized health insurance only if they obtained documentation that they were denied health insurance coverage because of pre-existing medical conditions. In the last six months the PCIP has relaxed this criteria to include individuals: (i) who have a documented pre-existing medical condition that may result in a denial of coverage; or (ii) who have a documented increased premium rate because of a pre-existing medical condition. Health care providers who routinely provide care to uninsured individuals should be mindful of these eligibility changes and consider assisting these eligible individuals to enroll in the PCIP and obtain health care insurance.

The PCIP was created by the Patient Protection and Affordable Care Act (PPACA) in March 2010 to provide a subsidized high-risk insurance pool to individuals who were denied creditable coverage because of a pre-existing medical condition. PPACA allocated \$5 billion to the PCIP to pay for the PCIP's administrative expenses and the health care claims made by enrollees. The \$5 billion was provided to fund the program until its termination on January 1, 2014, at which time the individuals enrolled in the PCIP are expected to obtain health insurance via the soon-to-be-implemented health insurance exchanges.

On July 30, 2010 the Department of Health and Human Services (HHS) implemented [interim final regulations on the PCIP \[PDF\]](#). Various government agencies predicted that between 200,000 and 400,000 individuals would enroll in

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the PCIP by the end of calendar year 2010. However, the number of enrollees in the first year was substantially less-- only 21,000 people had enrolled in the PCIP as of March 31, 2011.

Initially, an individual had to receive written confirmation from an insurance company of one of two types of negative coverage decisions. An individual would have to demonstrate that either of the following occurred within the twelve (12) months preceding the application to the PCIP: (i) that the individual received a letter from an insurance carrier of a denial of coverage due to a pre-existing medical condition or (ii) that the individual received and refused an offer of coverage that had a policy rider which excluded coverage for that condition.

GAO Report 11-662 noted that thirty-five states had State-based high risk insurance pool that predated the PCIP and that these states had 208,000 people enrolled at the end of 2009. Some of these states use the same eligibility criteria as the PCIP. Other states made it easier for individuals to qualify for their State pool by permitting persons who received a diagnosis from a health care provider of a certain pre-approved medical condition to be eligible or by permitting persons to be eligible based partly on whether their premium rates exceeded a certain multiple of the state's standard premium rate.

Partly in response to the low number of enrollees and partly as an acknowledgement to these State programs, the PCIP has expanded the eligibility requirements in February and July of 2011. Effective February 1, 2011, children under the age of 19 and any resident of Vermont or Massachusetts are eligible for the PCIP if they can provide documentation of an offer for health insurance with a premium rate that is at least twice what the PCIP rate is in that State. As of July 1, 2011, a person who has received a letter from their health care provider that documents the existence of a pre-existing medical condition is also eligible for the PCIP.

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## **Ober|Kaler's Comments**

Health care providers who routinely provide care to individuals who do not have health insurance should understand the new and existing eligibility criteria and consider presenting the PCIP to potentially eligible individuals. The PCIP can be an essential short term health insurance solution for those persons until January 1, 2014. Providers should also remain mindful that an individual may also be eligible for a State high risk insurance pool.

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