

108TH CONGRESS  
2D SESSION

# H. R. 5341

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.

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## IN THE HOUSE OF REPRESENTATIVES

OCTOBER 8, 2004

Mr. SHADEGG (for himself and Mr. NETHERCUTT) introduced the following bill; which was referred to the Committee on Energy and Commerce

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## A BILL

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,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “State High Risk Pool  
5 Funding Extension Act of 2004”.

1 **SEC. 2. EXTENSION OF FUNDING FOR ESTABLISHMENT AND**  
2 **OPERATION OF STATE HIGH RISK HEALTH IN-**  
3 **SURANCE POOLS.**

4 (a) **EXTENSION OF AVAILABILITY OF SEED FUNDING**  
5 **FOR ADDITIONAL YEAR.**—The second sentence of sub-  
6 section (c) of section 2745 of the Public Health Service  
7 Act (42 U.S.C. 300gg–45) is amended by striking “under  
8 this subsection for a fiscal year” and inserting “under  
9 paragraph (1) shall be available for obligation through the  
10 end of fiscal year 2005 and funds appropriated under  
11 paragraph (2) for a fiscal year”.

12 (b) **FUNDING FOR OPERATION OF STATE HIGH RISK**  
13 **POOLS IN FISCAL YEAR 2005.**—Subsection (c)(2) of such  
14 section is amended by inserting “and \$50,000,000 for fis-  
15 cal year 2005” after “2004”.

16 (c) **CHANGE IN REQUIREMENTS FOR QUALIFIED**  
17 **HIGH RISK POOLS.**—

18 (1) **CHANGE IN REQUIREMENT FOR OPER-**  
19 **ATIONAL GRANTS.**—Subsection (b)(1)(A) of such  
20 section is amended by striking “150 percent” and  
21 inserting “200 percent”.

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           (d) 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 shall be  
12          made available to the States (including entities that  
13          operate the high risk pool under applicable State law  
14          in a State) that qualify for a grant under subsection  
15          (b) as follows:

16                 “(A) An amount equal to 50 percent of the  
17                 amount shall be allocated in equal amounts  
18                 among such qualifying States.

19                 “(B) An amount equal to 25 percent of the  
20                 amount shall be allocated among such States so  
21                 that the amount provided to a State bears the  
22                 same ratio to such available amount as the  
23                 number of uninsured individuals in the State  
24                 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 25 percent of the  
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 (e) ADMINISTRATIVE PROVISIONS.—Such section is  
14 amended by adding at the end the following new sub-  
15 section:

16 “(e) ADMINISTRATIVE PROVISIONS.—

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

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

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