

National Patient Advocate Foundation

Debunking the Myths of State High-Risk Pools

A state high-risk pool is a nonprofit association created by individual states to provide health insurance to people who are unable to acquire health insurance on their own, usually due to preexisting health conditions.

Based on Patient Advocate Foundation's (PAF) ten years of direct patient services to patients throughout America, the National Patient Advocate Foundation has serious concerns about high-risk pools being used as the blanket solution to providing access to health insurance for people with preexisting conditions who are locked out of the insurance market. The most common myths of state high-risk pools are debunked below.

Myth	Reality
1. State high-risk pools provide coverage to millions of individuals across the country.	In total, state high-risk pools extend coverage to only 184,000 individuals. Today, there are more than 46 million people uninsured in America.
2. High-risk pools exist in every state.	Currently, 33 states have high-risk pools.
3. A qualified individual who resides within a state with a high-risk pool will receive a spot within the high-risk pool.	High-risk pools can have long waiting lists and admittance is not guaranteed. Many states are unable to accept every eligible individual because of funding constraints. Due to a lack of funding and the multiple hurdles an individual faces to prove eligibility and obtain health insurance through a high-risk pool, many individuals do not receive placement in a high-risk pool.
4. State high-risk pools cover all treatments, benefits, and services.	Many individuals enrolled in a state high-risk pool face treatment denials because some states have underwriting clauses.
5. High-risk pools provide affordable access to health insurance.	Average premiums in a state high-risk pool are 125 to 150 percent of the average, standard market rate for private health insurance. Due to the fact that these premiums are actually higher than the average, standard market rate, individuals who were unable to obtain prior health insurance due to cost restrictions are still unable to obtain coverage through a state high-risk pool.
6. Once an individual is admitted into the state high-risk pool, coverage begins immediately.	State high-risk pools have look-back and waiting periods for coverage. Most high-risk pools exclude coverage for a pre-set period of time, based on a pre-existing condition, for an average of six months. Waiting periods are implemented to prevent individuals from applying for coverage once they have a condition and then releasing the coverage once the condition has been remedied.

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7. High-risk pools are well funded.	State high-risk pools are under-funded. A majority of pools are funded through assessments placed on insurers, premiums collected by individuals enrolled in these pools, and general state revenues. Very little funding for state high-risk pools comes from the federal government. The State High Risk Pool Funding Extension Act of 2006 provided seed grants to states that wished to implement a high-risk pool. These grants were set at a maximum of one million dollars, not nearly enough to provide comprehensive health care coverage to the population of individuals with preexisting conditions who need access to health insurance.
8. All states with high-risk pools are open to new applicants.	In 1991, Florida stopped accepting new applicants to its high-risk pool. Although it has been over 17 years since Florida's high-risk pool accepted new members, Florida is considered to have a high-risk pool, and the individuals enrolled prior to 1991 are still covered.
9. It is easy to enroll in a state high-risk pool.	<p>It is difficult for many individuals to enroll in a state high-risk pool as many states require individuals to meet multiple criteria before they are deemed eligible. In most states, an individual must meet the following guidelines:</p> <ul style="list-style-type: none"> • Proof of rejection from health insurance coverage, proof that an individual is presently insured with a rider attached or has health insurance that is rated, proof that an individual is presently insured with a higher premium, or proof that an individual is eligible for the portability option under HIPAA; • Proof of state residency, usually anywhere from 30 days to a year, before application for admittance will be accepted; and • Can be eligible if the individual was eligible in another state's high-risk pool and did not exhaust the lifetime maximum, without the use of look-back or waiting periods. <p>Along with the aforementioned general requirements, many states have further hurdles that an individual must clear before they are able to acquire health care coverage through a state high-risk pool.</p>

For more information on high-risk pools, see: *the National Patient Advocate Foundation State High-Risk Pool Primer and Table.*