

There are High-Risk Insurance Options

By Wesley E. Wright and Molly Dear Abshire, as published in the Houston Chronicle Senior Living Section on October 22, 2010.

With the high cost of health care, especially for individuals with severe medical needs, health insurance is essential to ensure proper care. There are many of Americans who do not qualify for public health insurance options, such as Medicaid, and due to their medical history or current condition are unable to obtain health insurance through a private insurance company.

These people caught in the gap often have extremely high medical bills due to their medical condition. What options are available to them? Thankfully, there are two health insurance options: the Federal Pre-Existing Condition Insurance Plan and the Texas High Risk Insurance Pool.

The Federal Pre-Existing Condition Insurance Plan ("PCIP"), also known as the Federal Risk Pool, was established as part of the Patient Protection and Affordable Care Act, signed into law March 23. This program offers affordable health insurance for people who are medically uninsurable due to a pre-existing medical condition. PCIP federal pool began issuing coverage to eligible individuals on Aug. 1.

To be eligible for the PCIP federal pool, an individual must not have had health insurance for the six months prior to applying for coverage under the pool. The plan includes COBRA coverage, as well as coverage received from the Medicare, Medicaid or TRICARE programs. In addition to not having health insurance for six months prior to application, the applicant must have a pre-existing condition, either physical or mental, that manifested before entering the PCIP federal pool.

In order to receive health insurance from the PCIP federal pool, one must meet five requirements.

- For the first requirement, the individual must be a citizen or national of the United States or be a permanent lawful resident.
- The second is that the individual cannot have been covered by health insurance within the last six months.
- Third, the individual must suffer from a pre-existing condition that causes a problem with obtaining private health insurance.
- Fourth, the applicant must submit with his application a letter from an insurance company, dated within the last six months, denying the individual's application or excluding coverage of the individual's medical condition.
- Fifth, the individual is required to pay a monthly premium to maintain coverage under the PCIP federal pool. The premium is capped at the rate a healthy individual would have to pay in the standard health insurance market.

In addition to the PCIP federal pool, Texas offers a high risk pool for Texas residents who are unable to obtain private health insurance. The Texas High Risk Pool ("Texas Pool") was established in 1989 by the Texas Legislature and differs from the federal pool in several key areas. First, under the federal pool, there is no pre-existing condition waiting period for a new enrollee. The Texas Pool requires a twelve-month waiting period for pre-existing conditions for new enrollees. This means that an individual with a

pre-existing condition must be a member of the Texas Pool for twelve months prior to receiving benefits for that pre-existing condition. There is an exception for individuals who were insured prior to joining the Texas Pool.

A second difference is since the Texas High Risk Pool receives no state funding, the premium rates are generally twice the standard market rate. Even with this high premium, the Texas Pool still suffers a loss each year and insurance companies doing business in Texas are required to cover the Texas Pool's loss. In addition to the higher premium, the deductible on the Texas Pool's plans are often high, with premiums starting at \$1,000.

For more information on either the PCIP federal pool or the Texas High Risk Pool, you can visit the Texas High Risk Pool website at <http://www.txhealthpool.org>.