

Pre-Existing Insurance Plan Update – Week of August 22, 2011

GAO report shows that PCIP spending lagging with enrollment, states offer more affordable plans

A Government Accountability Office (GAO) report sought by the Republican chairman for the Senate Health, Education and Labor, and Pensions Committee concludes that state-operated pre-existing condition insurance plans (PCIPs) have been more successful than their federal counterparts, but that both are spending well below initial projections.

Chairman Michael Enzi (R) had asked GAO to document why PCIP enrollment lagged so far behind their prediction last of 375,000 enrollees. GAO's latest report confirms the three primary reasons for low enrollment that are frequently cited by both federal and state officials, namely the statutory requirement that applicants be uninsured for at least six months, the unaffordability of plan premiums, and a lack of awareness about the program.

GAO documents the steps that the Department of Health and Human Services (HHS) and state officials have taken to address these factors, including substantial reductions in plan premiums, relaxed standards for documenting a pre-existing condition, commissioners to brokers and agents for PCIP referrals, and more aggressive marketing and outreach (see PCIP Update for Week of May 30th).

However, GAO noted that overall state enrollment has run significantly higher than federally-operated PCIPs. Despite, similar cost-sharing features among state and federal PCIPs, the affordability of premiums, coverage limits, and documentation criteria varied widely among the states. For example, average monthly premiums among state-operated PCIPs averaged five percent less than federally-operated plans (\$431 compared to \$455), at least before HHS cut federal PCIP premiums by up to 40 percent on July 1st. GAO noted that Pennsylvania has far outpaced other PCIPs thanks to a flat \$283 premium for all applicants, while average monthly premiums for a 50-year old ranged in June from as little as \$240 in Utah to \$1,048 in Alaska.

The GAO report also provides more details about PCIP expenditures. GAO previously testified before Congress that HHS had issued \$600 million to states of the \$5 billion in PCIP funds authorized by the Affordable Care Act (ACA). However, states had only spent about \$79 million (see PCIP Update for Week of July 11th).

The report showed that as of March 31, 2011, federal and state PCIP expenditures totaled only about \$106 million, or a mere two percent of the total \$5 billion appropriation. State PCIPs had initially projected that they would collectively spend about \$123 million in calendar year 2010 and over \$644 million in 2011. Federal PCIPs projected expenses of nearly \$71 million in 2010 and over \$555 million in 2011. While spending has varied widely among the states, HHS officials state that it is still too early to predict whether they will need to reallocate funds.

PCIP enrollment slowed slightly in June, expected to climb next month due to premium cuts

Nearly 27,500 people are enrolled in pre-existing condition insurance plans (PCIPs) nationwide, according to data released last week by the Department of Health and Human Services (HHS).

Only 2,777 enrolled between May and June, breaking a streak of three consecutive months in which enrollment climbed by more than 3,000 enrollees (see PCIP Update for Week of July 11th). However, HHS officials expect a bump in enrollment next month as relaxed eligibility standards and premium reductions of up to 40 percent went into effect for most federally-operated PCIPs on July 1st, and several other states responded with similar actions.

Pennsylvania continues to outpace other states with over 3,600 enrollees. However, the June 30th enrollment reported by HHS for the second-leading state, California, is far below the 3,532 enrollees reported by California's plan administrator as of July 27th (see PCIP Update for Week of August 1st).

Texas is now the third state to surpass 2,000 enrollees. Only eight states continue to have PCIPs with over 1,000 enrollees (the others are Florida, Illinois, New York, North Carolina, and Ohio). However, Colorado, Georgia, and Oregon may soon surpass the 1,000 member threshold.

Below is the PCIP enrollment for each state and federally-operated PCIP as of June 30th:

= Federally Administered PCIP		
State	Date Coverage for Enrollees Began (in 2010)	Number of People Enrolled and with coverage in effect through June 30, 2011
Alabama	1-Aug	118
Alaska	1-Sep	38
Arizona	1-Aug	639
Arkansas	1-Sep	254
California	25-Oct	2659
Colorado	1-Sep	807
Connecticut	1-Sep	57
Delaware	1-Aug	73
District of Columbia	1-Oct	30
Florida	1-Aug	1201
Georgia	1-Aug	822
Hawaii	1-Aug	45
Idaho	1-Aug	79
Illinois	1-Sep	1491
Indiana	1-Aug	273
Iowa	1-Sep	161
Kansas	1-Aug	216
Kentucky	1-Aug	140

Louisiana	1-Aug	166
Maine	1-Aug	18
Maryland	1-Sep	430
Massachusetts*	1-Aug	1
Michigan	1-Oct	339
Minnesota	1-Aug	66
Mississippi	1-Aug	105
Missouri	15-Aug	506
Montana	1-Aug	236
Nebraska	1-Aug	79
Nevada	1-Aug	222
New Hampshire	1-Jul	183
New Jersey	15-Aug	670
New Mexico	1-Aug	498
New York	1-Oct	1638
North Carolina	1-Aug	1671
North Dakota	1-Aug	13
Ohio	1-Sep	1398
Oklahoma	1-Sep	380
Oregon	1-Aug	919
Pennsylvania	1-Oct	3617
Rhode Island	15-Sep	125
South Carolina	1-Aug	504
South Dakota	15-Jul	105
Tennessee	1-Aug	419
Texas	1-Aug	2020

Utah	1-Sep	395
Vermont*	1-Sep	0
Virginia	1-Aug	424
Washington	1-Sep	446
West Virginia	1-Sep	30
Wisconsin	1-Aug	676
Wyoming	1-Aug	87
	Total	27489

*Massachusetts and Vermont are guarantee issue States that have already implemented many of the broader market reforms included in the Affordable Care Act that take effect in 2014. Existing commercial plans offering guaranteed coverage at premiums comparable to PCIP are already available in both States.