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**MEMORANDUM
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California's High Risk Pool Up and Running

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As part of the Health Care Reform initiatives enacted by the Patient Protection and Affordable Coverage Act (PPACA), the Department of Health and Human Services (HHS) must provide temporary health coverage to individuals who have been without coverage for six months or more and have been denied insurance coverage for pre-existing conditions. This initiative is known as the Pre-existing Condition Insurance Pool (PCIP).

The Pre-existing Condition Insurance Pool

In brief, PCIP is intended as “bridge health care coverage” for uninsured individuals with pre-existing conditions until the inception of the California version of the Health Insurance Exchange (January 1, 2014) pursuant to federal Health Care Reform (HCR) laws. The HCR law provides nearly \$761 million to the State of California to operate the PCIP through December 31, 2013. The State Legislature, in passing [AB 1887](#) and [SB 227](#) has appointed the [Major Risk Medical Insurance Board](#) (MRMIB) as the agency in charge of operating the PCIP. MRMIB has contracted with HealthNow Administrative Services as the third party administrator of the PCIP program. MRMIB expects the enrollment in PCIP to grow to 25,000 Californians.

Although the following discussion applies to the California PCIP, it is a first glimpse of programs being set up in other states. Currently, Washington D.C. and 28 states have agreed to administer their own programs. The federal government will administer the PCIP program on behalf of the states who did not agree to administer their own. The Congressional budget Office estimates the PCIP will benefit over 200,000 individuals on a nationwide basis.

PCIP or MRMIP

In conformance with the Health Insurance Portability and Accountability Act of 1996 (HIPAA), California's MRMIB also provides health care coverage to Californians who lost group or individual health care coverage and cannot obtain coverage due to underwriting issues. To qualify for MRMIP, the California resident must have a pre-existing condition and show:

- a rejection letter from a health insurance company in the last 12 months; or,
- an offer of premiums equal to or higher than those of the individual's first plan of choice; or,



- proof that health plan coverage terminated for reasons other than non-payment of premium (individual policies) or fraud.

Unlike the PCIP, there is no “six months without coverage” requirement.

The PCIP Details

- 1. Eligibility.** To qualify for coverage under the PCIP, applicants must be a U.S. citizen or legal resident and been denied insurance for at least six months because of a pre-existing condition (as defined by the federal government), prior to applying for PCIP coverage. There is no income requirement for eligibility. The PCIP is available to individuals of all ages as long as they are not enrolled in Medicare or COBRA/Cal-COBRA.
- 2. Dual Applications.** To apply for the PCIP, an individual also must apply for MRMIP at the same time. If an individual qualifies for both, then he/she may elect between the two. It is important to note that MRMIP has a maximum enrollment limit (currently 7,000 individuals); PCIP does not.
- 3. Benefits Comparison.** There is a significant difference in benefits between the PCIP and MRMIP.

Program Benefits and Costs:	PCIP	MRMIP
Annual Deductible	\$1,500	\$500
Brand Name Drug Deductible	\$500	None
Annual Out of Pocket Maximum	\$2,500	\$2,500
Annual Benefit Cap	None	\$75,000
Lifetime Benefit Cap	None	\$750,000
Health Care Provider Source	CA Physicians’ Service PPO Network	Anthem Blue Cross PPO Contra Costa Health Kaiser Permanente

- 4. Premiums.** In August, MRMIB issued the [monthly premiums](#) for California’s PCIP. The rates for each individual will vary by age and by county of residence. These rates are guaranteed not to exceed the standard rates for those populations. The rates for a person residing in the six Bay Area’s counties (including San Francisco) are listed below along with the rates for individuals in San Diego:

Age Band	San Francisco (Region 3)	San Diego (Region 6)
<15	\$140	\$127
15-29	\$201	\$181
30-34	\$292	\$260
35-39	\$325	\$289
40-44	\$344	\$306



Age Band	San Francisco (Region 3)	San Diego (Region 6)
45-49	\$377	\$335
50-54	\$499	\$448
55-59	\$624	\$567
60-64	\$802	\$723
65-69	\$899	\$810
70-74	\$947	\$853
>74	\$1,003	\$904

The premium rates are effective through December 31, 2011.

- 5. Loss of Eligibility.** An individual would lose coverage under California's PCIP once he or she moves out of the coverage area. However, the individual could apply for another state's PCIP coverage and would not be disqualified for failing to meet the six month period of no health insurance coverage based on prior coverage in California's PCIP. In short the individual would still be able to qualify for the new state's PCIP and the individual would remain eligible so long as they maintain U.S. citizenship or lawful residency in the U.S.
- 6. California Application Process.** Applications have been available since August for individuals desiring coverage through the PCIP with coverage expected to begin at the end of September. It is estimated that California's PCIP would be able to cover a pool of 25,000 individuals. Currently applications are being accepted by MRMIB. Applications are available online at pcip.ca.gov, or may be obtained by calling the following phone numbers: toll-free (877)-428-5060 between 8 a.m.-8 p.m. Monday-Friday or 8 a.m.-5 p.m. Saturday.

Employers who provide group health coverage currently are not directly affected by this initiative. However, employers who decide to stop providing health coverage must note that the PCIP is only available to individuals who have been without coverage for at least six month. We will keep you informed of developments as they become available.

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