

***In the Senate of the United States,***

*October 19, 2005.*

*Resolved*, That the bill from the House of Representatives (H.R. 3204) entitled “An Act 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.”, do pass with the following

**AMENDMENT:**

Strike out all after the enacting clause and insert:

1 ***SECTION 1. SHORT TITLE.***

2 *This Act may be cited as the “State High Risk Pool*

3 *Funding Extension Act of 2005”.*

1 **SEC. 2. EXTENSION OF FUNDING FOR OPERATION OF**  
 2 **STATE HIGH RISK HEALTH INSURANCE**  
 3 **POOLS.**

4 *Section 2745 of the Public Health Service Act (42*  
 5 *U.S.C. 300gg–45) is amended to read as follows:*

6 **“SEC. 2745. RELIEF FOR HIGH RISK POOLS.**

7 *“(a) SEED GRANTS TO STATES.—The Secretary shall*  
 8 *provide from the funds appropriated under subsection*  
 9 *(d)(1)(A) a grant of up to \$1,000,000 to each State that*  
 10 *has not created a qualified high risk pool as of the date*  
 11 *of enactment of the State High Risk Pool Funding Exten-*  
 12 *sion Act of 2005 for the State’s costs of creation and initial*  
 13 *operation of such a pool.*

14 *“(b) GRANTS FOR OPERATIONAL LOSSES.—*

15 *“(1) IN GENERAL.—In the case of a State that*  
 16 *has established a qualified high risk pool that—*

17 *“(A) restricts premiums charged under the*  
 18 *pool to no more than 200 percent of the premium*  
 19 *for applicable standard risk rates;*

20 *“(B) offers a choice of two or more coverage*  
 21 *options through the pool; and*

22 *“(C) has in effect a mechanism reasonably*  
 23 *designed to ensure continued funding of losses in-*  
 24 *curred by the State in connection with operation*  
 25 *of the pool after the end of the last fiscal year*

1       *for which a grant is provided under this para-*  
2       *graph;*

3       *the Secretary shall provide, from the funds appro-*  
4       *propriated under paragraphs (1)(B)(i) and (2)(A) of*  
5       *subsection (d) and allotted to the State under para-*  
6       *graph (2), a grant for the losses incurred by the State*  
7       *in connection with the operation of the pool.*

8               “(2) ALLOTMENT.—Subject to paragraph (4), the  
9       *amounts appropriated under paragraphs (1)(B)(i)*  
10       *and (2)(A) of subsection (d) for a fiscal year shall be*  
11       *allotted and made available to the States (or the enti-*  
12       *ties that operate the high risk pool under applicable*  
13       *State law) that qualify for a grant under paragraph*  
14       *(1) as follows:*

15               “(A) *An amount equal to 40 percent of such*  
16       *appropriated amount for the fiscal year shall be*  
17       *allotted in equal amounts to each qualifying*  
18       *State that is one of the 50 States or the District*  
19       *of Columbia and that applies for a grant under*  
20       *this subsection.*

21               “(B) *An amount equal to 30 percent of such*  
22       *appropriated amount for the fiscal year shall be*  
23       *allotted among qualifying States that apply for*  
24       *such a grant so that the amount allotted to such*  
25       *a State bears the same ratio to such appro-*

1        *priated amount as the number of uninsured in-*  
 2        *dividuals in the State bears to the total number*  
 3        *of uninsured individuals (as determined by the*  
 4        *Secretary) in all qualifying States that so apply.*

5            *“(C) An amount equal to 30 percent of such*  
 6        *appropriated amount for the fiscal year shall be*  
 7        *allotted among qualifying States that apply for*  
 8        *such a grant so that the amount allotted to a*  
 9        *State bears the same ratio to such appropriated*  
 10       *amount as the number of individuals enrolled in*  
 11       *health care coverage through the qualified high*  
 12       *risk pool of the State bears to the total number*  
 13       *of individuals so enrolled through qualified high*  
 14       *risk pools (as determined by the Secretary) in all*  
 15       *qualifying States that so apply.*

16           *“(3) SPECIAL RULE FOR POOLS CHARGING HIGH-*  
 17        *ER PREMIUMS.—In the case of a qualified high risk*  
 18        *pool of a State which charges premiums that exceed*  
 19        *150 percent of the premium for applicable standard*  
 20        *risks, the State shall use at least 50 percent of the*  
 21        *amount of the grant provided to the State to carry*  
 22        *out this subsection to reduce premiums for enrollees.*

23           *“(4) LIMITATION FOR TERRITORIES.—In no case*  
 24        *shall the aggregate amount allotted and made avail-*  
 25        *able under paragraph (2) for a fiscal year to States*

1       *that are not the 50 States or the District of Columbia*  
 2       *exceed \$1,000,000.*

3       “(c) *BONUS GRANTS FOR SUPPLEMENTAL CONSUMER*  
 4       *BENEFITS.—*

5               “(1) *IN GENERAL.—In the case of a State that*  
 6       *is one of the 50 States or the District of Columbia,*  
 7       *that has established a qualified high risk pool, and*  
 8       *that is receiving a grant under subsection (b)(1), the*  
 9       *Secretary shall provide, from the funds appropriated*  
 10       *under paragraphs (1)(B)(ii) and (2)(B) of subsection*  
 11       *(d) and allotted to the State under paragraph (3), a*  
 12       *grant to be used to provide supplemental consumer*  
 13       *benefits to enrollees or potential enrollees (or defined*  
 14       *subsets of such enrollees or potential enrollees) in*  
 15       *qualified high risk pools.*

16               “(2) *BENEFITS.—A State shall use amounts re-*  
 17       *ceived under a grant under this subsection to provide*  
 18       *one or more of the following benefits:*

19                       “(A) *Low-income premium subsidies.*

20                       “(B) *A reduction in premium trends, actual*  
 21       *premiums, or other cost-sharing requirements.*

22                       “(C) *An expansion or broadening of the*  
 23       *pool of individuals eligible for coverage, such as*  
 24       *through eliminating waiting lists, increasing en-*

1           *rollment caps, or providing flexibility in enroll-*  
 2           *ment rules.*

3           “(D) *Less stringent rules, or additional*  
 4           *waiver authority, with respect to coverage of pre-*  
 5           *existing conditions.*

6           “(E) *Increased benefits.*

7           “(F) *The establishment of disease manage-*  
 8           *ment programs.*

9           “(3) *ALLOTMENT; LIMITATION.—The Secretary*  
 10          *shall allot funds appropriated under paragraphs*  
 11          *(1)(B)(ii) and (2)(B) of subsection (d) among States*  
 12          *qualifying for a grant under paragraph (1) in a*  
 13          *manner specified by the Secretary, but in no case*  
 14          *shall the amount so allotted to a State for a fiscal*  
 15          *year exceed 10 percent of the funds so appropriated*  
 16          *for the fiscal year.*

17          “(4) *RULE OF CONSTRUCTION.—Nothing in this*  
 18          *subsection shall be construed to prohibit a State that,*  
 19          *on the date of the enactment of the State High Risk*  
 20          *Pool Funding Extension Act of 2005, is in the process*  
 21          *of implementing a program to provide benefits of the*  
 22          *type described in paragraph (2), from being eligible*  
 23          *for a grant under this subsection.*

24          “(d) *FUNDING.—*

1           “(1) *APPROPRIATION FOR FISCAL YEAR 2006.*—

2           *There are authorized to be appropriated and there are*  
 3           *appropriated for fiscal year 2006—*

4                     “(A) \$15,000,000 to carry out subsection  
 5                     (i); and

6                     “(B) \$75,000,000, of which, subject to para-  
 7                     graph (4)—

8                             “(i) two-thirds of the amount appro-  
 9                             priated shall be made available for allot-  
 10                            ments under subsection (b)(2); and

11                           “(ii) one-third of the amount appro-  
 12                            priated shall be made available for allot-  
 13                            ments under subsection (c)(3).

14           “(2) *AUTHORIZATION OF APPROPRIATIONS FOR*  
 15           *FISCAL YEARS 2007 THROUGH 2010.*—*There are au-*  
 16           *thorized to be appropriated \$75,000,000 for each of*  
 17           *fiscal years 2007 through 2010, of which, subject to*  
 18           *paragraph (4)—*

19                     “(A) two-thirds of the amount appropriated  
 20                     for a fiscal year shall be made available for al-  
 21                     lotments under subsection (b)(2); and

22                     “(B) one-third of the amount appropriated  
 23                     for a fiscal year shall be made available for al-  
 24                     lotments under subsection (c)(3).

1           “(3) *AVAILABILITY.*—*Funds appropriated for*  
2           *purposes of carrying out this section for a fiscal year*  
3           *shall remain available for obligation through the end*  
4           *of the following fiscal year.*

5           “(4) *REALLOTMENT.*—*If, on June 30 of each fis-*  
6           *cal year for which funds are appropriated under*  
7           *paragraph (1)(B) or (2), the Secretary determines*  
8           *that all the amounts so appropriated are not allotted*  
9           *or otherwise made available to States, such remaining*  
10          *amounts shall be allotted and made available under*  
11          *subsection (b) among States receiving grants under*  
12          *subsection (b) for the fiscal year based upon the allot-*  
13          *ment formula specified in such subsection.*

14          “(5) *NO ENTITLEMENT.*—*Nothing in this section*  
15          *shall be construed as providing a State with an enti-*  
16          *tlement to a grant under this section.*

17          “(e) *APPLICATIONS.*—*To be eligible for a grant under*  
18          *this section, a State shall submit to the Secretary an appli-*  
19          *cation at such time, in such manner, and containing such*  
20          *information as the Secretary may require.*

21          “(f) *ANNUAL REPORT.*—*The Secretary shall submit to*  
22          *Congress an annual report on grants provided under this*  
23          *section. Each such report shall include information on the*  
24          *distribution of such grants among States and the use of*  
25          *grant funds by States.*



1 “(g) *DEFINITIONS.—In this section:*

2 “(1) *QUALIFIED HIGH RISK POOL.—*

3 “(A) *IN GENERAL.—The term ‘qualified*  
 4 *high risk pool’ has the meaning given such term*  
 5 *in section 2744(c)(2), except that a State may*  
 6 *elect to meet the requirement of subparagraph*  
 7 *(A) of such section (insofar as it requires the*  
 8 *provision of coverage to all eligible individuals)*  
 9 *through providing for the enrollment of eligible*  
 10 *individuals through an acceptable alternative*  
 11 *mechanism (as defined for purposes of section*  
 12 *2744) that includes a high risk pool as a compo-*  
 13 *nent.*

14 “(2) *STANDARD RISK RATE.—The term ‘standard*  
 15 *risk rate’ means a rate—*

16 “(A) *determined under the State high risk*  
 17 *pool by considering the premium rates charged*  
 18 *by other health insurers offering health insurance*  
 19 *coverage to individuals in the insurance market*  
 20 *served;*

21 “(B) *that is established using reasonable ac-*  
 22 *tuarial techniques; and*

23 “(C) *that reflects anticipated claims experi-*  
 24 *ence and expenses for the coverage involved.*

1           “(3) *STATE*.—*The term ‘State’ means any of the*  
2           *50 States and the District of Columbia and includes*  
3           *Puerto Rico, the Virgin Islands, Guam, American*  
4           *Samoa, and the Northern Mariana Islands.*”.

Attest:

*Secretary.*

109<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

**H. R. 3204**

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**AMENDMENT**