

April 13, 2010

Secretary Kathleen Sebelius
Department of Health and Human Services
200 Independence Ave., SW
Washington, DC 20201

Dear Secretary Sebelius:

The passage of the Patient Protection and Affordable Care Act (PPACA) represents an extraordinary achievement in advancing health care for our nation, and we thank you for your exceptional efforts to obtain passage of the legislation. However, much more needs to be done before the goals of the legislation are fully realized by patients and consumers. We want to assure you we will work with you and your staff to implement the law to its fullest extent.

Of the many items that must be addressed immediately, one of the most important is the establishment of the temporary high risk health insurance pool program. There is flexibility in the law in how the pool is implemented, and your April 2 letter to the governors clearly reflects this. However, we strongly believe that four conditions must be met by any pool or plan that participates:

- Eligibility rules should be uniform to the maximum extent possible across all states and benefits should at least include a federally-set package. Furthermore, the benefits must be sufficient to cover fully the needs of people with serious medical conditions like heart disease, diabetes or cancer, including all necessary prescription drugs.
- The use of “standard rates,” as specified in the law, needs to be quickly and clearly defined by HHS so that premium rates are not subject to manipulation to the detriment of the eligible population.
- Insurance premium rates, even at standard rates, may be unaffordable for some, and therefore, income related assistance should be available at a level that is consistent with what will ultimately be available under PPACA for individuals and families in the health exchanges. The law permits age rating in the exchanges, but if those standards are applied in the high risk pool plans, coverage will likely remain unaffordable. The average age of state high-risk pool enrollees today is about 50 years old and the incidence of many “uninsurable” chronic conditions, such as cancer, diabetes and heart disease, increases dramatically with age. Furthermore, the new pool program should permit and encourage external, income-based subsidies--for example, premium assistance provided by states, community health centers, and other federal programs that provide care to uninsured. These supplements would make the coverage affordable to eligible, but lower income families.

- The administrative process must be simple and transparent. One of the broader goals of the law is to enhance transparency and simplicity for the consumer, and this early investment is an important opportunity to set a good precedent. The population that needs high risk pool coverage is very vulnerable. The new program should be easy to comprehend access and enroll. And coverage provided under it should be closely monitored to ensure care needs are met and to hold the program accountable for spending limited federal dollars effectively.

Finally, there is great urgency that the pool(s) be established within the 90 day timeframe. We appreciate the administrative complexity of establishing a program in all states so quickly, but the eligible population has an urgent need and has no alternative. Thus, if states are not able to comply in a timely manner, we strongly urge the Department to work with the Office of Personnel Management to utilize one or more of the FEHBP plans that are already available nationwide to provide an alternative, with risk pooled separately from current enrollees.

Thank you for giving attention to this initial and critical issue in PPACA implementation. A successful implementation of the high risk pool plan fill a significant hole in the nation's health coverage safety net, and it will help cement support for this important piece of legislation. We will be glad to provide any additional support you may need in this effort, and we look forward to working with you and your staff on many other aspects of reform in the coming months and years. If you have any further questions, please contact Stephen Finan at the American Cancer Society Cancer Action Network (202 661-5780 or SFinan@cancer.org).

Sincerely,

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AFL-CIO
ASFSCME
American Cancer Society Cancer Action Network
American Diabetes Association
American Heart Association
Community Catalyst
Consumers Union
Families USA
National Partnership for Women and Families
National Women's Law Center
Progressive States Network
SEIU