

# Federal Temporary High Risk Pool

Legislative Health & Human Services Committee  
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NEW MEXICO MEDICAL INSURANCE POOL

## New Mexico Medical Insurance Pool

- Legislatively created in 1987 as non-profit entity  
Medical Insurance Pool Act [59A-54-1 NMSA 1978]
- Act amended in 2010 to provide authority to offer high risk pool program under federal law
- State Pool currently serves approx 8,500
- Federal PCIP (Pre-Existing Condition Insurance Program) currently serves approx 150

## NEW MEXICO'S Pre-Existing Condition Insurance Program

- Human Services Department (HSD) is designated state agency under contract with HHS
- Operations are delegated to NMMIP
- Began accepting applications July 1<sup>st</sup>
- \$37M allocation
- Projected to serve ~ 1,000 individuals, capping enrollment in 2012
- Must transfer to Exchange January 1, 2014

## Eligibility Comparison

### STATE HIGH RISK POOL

- Resident
- Pre-Existing Condition
  - Qualifying Medical Condition
  - Rejection notice
  - Premium above qualifying rate
  - Policy Limitation/Rider
- Or HIPAA qualifying
- Ineligible for Medicaid, Medicare or Comprehensive Group

### FEDERAL PCIP

- Resident, citizen/legal status
- Uninsured for 6 months
- Pre-Existing Condition
  - Qualifying Medical Condition
  - Rejection Notice
  - Premium above qualifying rate
  - Policy Limitation/Rider
- Ineligible for Medicaid, Medicare

## PHILISOPHICAL DRIVERS for New Mexico's PCIP

- Must be affordable to assure uptake
  - New Mexico one of poorest states
  - New Mexico has one of highest rates of uninsured
- Must be comparable/equitable to State Pool
  - Premium rates shouldn't drive consumer to State Pool, which has low-income discounts
- Consumer-friendly in comparing and enrolling
  - Keep deductible options and benefits same in both pools
- Minimize administrative burden and confusion
  - Standardize application & enrollment processes

## PRE-EXISTING CONDITIONS

- 6-month look-back to determine Pre-Existing Condition
- PCIP - no waiting period for pre-existing conditions
- State - Max of 6-month Waiting Period to cover Pre-Ex\*\*
  - Does not apply to prescription drugs or other conditions
  - Credit for Previous Coverage (pro-rated) Decreases Wait
    - If apply to Pool within 95 days of coverage ending, gap is ignored
    - If apply more than 95 days, gap is deemed non-coverage period (will have at least 3 month waiting period)

\*\* If voluntarily terminate previous insurance, 6-month pre-ex waiting period is applied

## Out-of-Pocket Costs

- Choice of Deductible ~ State and PCIP
  - \$500, \$1,000 or \$2,000 ~ 80% Plan (20% Co-Pay)
  - *State Pool also has choice of:*
    - \$5,000, \$7,500 or \$10,000 ~ 100% Plan (0% Co-Pay)
- Out-of-Pocket Limits (excluding premiums)
  - \$5,950 for PCIP
  - State limits based on deductible chosen
  - 3 or more family members reduces deductible and out-of-pocket limit to equivalent of 2

## PREMIUM RATES

- Based on AGE, *GENDER (State only)* and DEDUCTIBLE
- State Currently at 113% of "Standard Risk Rate" (SRR)
  - SRR determined through actuarial assessment of top 5 "new issue" individual policies on private market
  - By law, cannot be more than 150% SRR
- SRR re-determined and Premiums set every 6 months
- Jan 2010 rates increased for first time since 2006
- January 2011 anticipate no State increase (105% SRR)
- January 2011 Federal rates will rise to stay at 100% SRR

## 2010 PREMIUM EXAMPLES

Age - Gender	\$500 Deductible STATE	\$1,000 Deductible STATE	\$2,000 Deductible STATE	\$500 Deductible FEDERAL	\$1,000 Deductible FEDERAL	\$2,000 Deductible FEDERAL
0-18 - M	\$142	\$126	\$107	\$127	\$113	\$102
0-18 - F	\$142	\$126	\$107			
25 - M	\$196	\$175	\$148	\$191	\$171	\$153
25 - F	\$231	\$206	\$174			
35 - M	\$272	\$243	\$205	\$267	\$239	\$215
35 - F	\$326	\$291	\$246			
45 - M	\$379	\$338	\$286	\$372	\$333	\$298
45 - F	\$453	\$404	\$341			
55 - M	\$507	\$453	\$383	\$463	\$414	\$372
55 - F	\$528	\$471	\$398			
65+ - M	\$608	\$542	\$458	\$542	\$485	\$435
65+ - F	\$605	\$540	\$456			

## LOW-INCOME PREMIUM PROGRAM

Federal Pool ~ Using State Resources

Household Size	0-199% FPL 60% Discount	200-299% FPL 35% Discount	300-399% FPL 15% Discount
1	\$20,696	\$31,096	\$41,496
2	\$27,860	\$41,860	\$55,860
3	\$35,024	\$52,624	\$70,224
4	\$42,188	\$63,388	\$84,588
5	\$29,352	\$74,152	\$98,952
6	\$56,516	\$84,916	\$113,316
7	\$63,680	\$95,680	\$127,680
8	\$70,844	\$106,444	\$142,044

Income is "Total Income" reported on previous year's Federal Tax Return\*

\* May Appeal for consideration of current income.

## OTHER COMPARISONS

- SIMILARITIES
  - Same Application for both programs
  - Same Comprehensive Benefit Plans, including
    - No Annual or Lifetime Limits (with certain exceptions)
    - \$500 wellness benefit
    - Mental Health parity
    - Deductible does NOT apply to pharmacy
  - Broker Fees (currently \$100 1x fee)
- DIFFERENCES
  - Out-of-Pocket Limit on Drugs applies to PCIP
  - State also offers Medicare Carve-Out Plan and Rx Plan

## MARKETING and OUTREACH

- Denial letter refer to the Pool (statutory requirement)
- AARP mass mailing notifying of PCIP (50,000)
  - Historically, more than 50% of enrollees are ages 50-64
- Letter to State SCI Waiting List (15,000)
- Training being developed for brokers
- Advocacy organization outreach
- Provider education
- Paid and earned media

## Questions & Answers

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