

How do other states deal with their Un-insured and Un-insurable??

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What is a High Risk Pool and how would Nevada get one?

A qualified high-risk pool is a method 31 states around this wonderful country of ours use, in which a state monitored association offers comprehensive health insurance benefits to individuals with pre-existing problems. People who typically seek coverage in a high-risk pool are those who have been turned down for coverage in the private individual market due to a chronic illness or condition.

Risk pool insurance typically cost more than standard insurance coverage. Premiums range from 107% to 200% of a standard premium and are capped by state law. Risk pools are not all successful for many reasons. In some states the plan design was too rich, where as others may not have had an exit plan or specific time limit, similar to COBRA (18 months). Premiums alone are not feasible to sustain the High Risk Pool, as many members have major health problems and high usage. For this reason, each pool needs some form of subsidy, often an assessment made to insurance carriers in the state or some other funding mechanism.

Seed Money

Trade Adjustment Act 2002 authorizes grants up to \$1 million for a states creation of a qualified high-risk pool if they don't have one.

In order for Nevada to complete the circle of healthcare, a High Risk Pool must be established for it's un-insured or all of us will continue to see rates increase, while our un-insured and un-insurable continue to climb. Connecticut was the first state to establish a H.R.P., Minnesota followed in 1977.

State pools are a very compassionate component in society; therefore the pricing must be reasonable. A Nevada H.R.P. cannot be everything to everybody, but doing the best we can for this disadvantaged segment of the population is Nevada's way of doing it's part for the hard-to-insure.

Most states that have established "Pools" have not only seen rates stabilize, but have gained carriers (*Nevada has lost over 30 carriers in past few years*).

We have the opportunity to incorporate the best details from the states that have blazed this trail.

EXHIBIT D Committee Name **Health Care** Document consists of **3** pages.

- ☒ Entire document provided.
- ☐ Due to size limitations, pages _____ provided. A copy of the complete document is available through the Research Library (775/684-6827) or e-mail library@lcb.state.nv.us.

Meeting Date: **3/03/04**

Do we need a High Risk Pool?

This ever-growing issue hit home with me when a very wealthy prospect wanted to buy health insurance for he and his wife. This prospect now had time to purchase health insurance since the swimming pool was in and their million dollar home was complete! There were not any concerns about qualifying, because the client felt that the Mrs. were fine, and he was “as healthy as a horse”, cholesterol & blood pressure were within the normal range, with Rx after applying with every insurance carrier available he found himself “un-insured and un-insurable”. Here’s a man that retired early from the business he started from the ground up in the mid-west, after turning the 250 employee manufacturing business over to his children. Went on to investigate Arizona, Florida and Texas, before deciding on Las Vegas, NV for his golden years, but was unaware of the 63 day health insurance conversion clause!

Something about 63 day window?

His COBRA expired during the construction phase of his new home, but it was not a big deal to him at the time since he still had medication to last 90 days. Because he did not apply for healthcare in a timely fashion, he is a casualty of the Nevada system: UN-insured & UN-insurable.

This is about more than not making a sale! If we don’t get a qualified high-risk pool in the state of Nevada, citizens like “Mr. Healthy as a horse” will pay 100% out of pocket or for others the most common approach is to continue to become a product of the social service system using University Medical Center or not going to the doctor with small ailments and ending up in the Emergency Room (the most expensive form of healthcare).

Our property taxes will continue to rise (as this is a form of income for the hospital) in addition to cost shifting; healthcare premiums continue double digit increases. The employers are sharing more of this cost with their employees, bringing up the number of un-insured (you may begin to see the viscous cycle).

For those potential Nevadans, that want to bring a better quality of life into this state. If the word gets out how unfriendly Nevada is toward healthcare we all get affected... Medicaid system, insurance companies, realtors, developers, retailers, restaurants and the list has just begun.

The Nevada Association of Health Underwriters is taking a close look at H.R.P. models in place in Colorado, Louisiana, and Idaho, as they have successful pools with similar populations. Carriers are generally in support of High Risk Pools, the National Association of Insurance Commissioners, endorse them and they have bi-partisan support.

In conclusion or should I say “**In the beginning**” Nevada’s High Risk Pool will probably require Carriers to notify all declined applicants in writing a H.R.P. exists, members must be a resident of Nevada for a minimum of 6 months and a citizen of the United States. The plans will have a pre-existing clause without Creditable Coverage. Members would

have to be declined coverage to apply to the H.R.P. or have “presumptive conditions”. Money raised for the H.R.P. must stay in that category. The H.R.P. will most likely be a stand-alone entity (perhaps a non-profit organization). With a Finance Committee, Public Policy, Communication Chair, and a Board of Directors. Out-sourcing Disease Management Programs, and Behavioral Services. Assessments / Analysis of the risk would be re-evaluated every 3 months. Funded by per head, per month levy on every group & individual health policy written in the State or perhaps a soft drink bounty. If we implement this wisely in a few years we will be able to subsidize low-income citizens, too.

We don’t plan to get large employers to fund a H.R.P.; we will structure this without the self-funding employers.

This transformation for Nevada policy has real vision that will benefit the largest employers and elevate our standards and complete the circle of healthcare, while adding value to our communities.

Whether we get an extension for the Federal Funds or not, we must proceed down this tremulous road. Yes there is a time limit to get Federal funding.

Several Third Party Administrator firms and one Carrier have already expressed interest in establishing a State Pool and have approached us; right now we need your help to establish a Committee for the first round. This is a social problem that cannot be ignored forever.

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