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The Honorable Henry A. Waxman
Chairman
Committee on Energy and Commerce
House of Representatives

The Honorable John D. Dingell
Chairman Emeritus
Committee on Energy and Commerce
House of Representatives

The Honorable Frank Pallone, Jr.
Chairman
Subcommittee on Health
Committee on Energy and Commerce
House of Representatives

Subject: *Health Insurance: Enrollment, Benefits, Funding, and Other Characteristics of State High-Risk Health Insurance Pools*

A growing number of states—35 as of June 2009—have created high-risk health insurance pools (HRPs) primarily to provide coverage to individuals whose health status limits their access to coverage in the private individual health insurance market.¹ HRPs—typically state-run nonprofit associations—often contract with a private health insurance carrier to administer the pool and offer a range of health plan options to such individuals, who are commonly referred to as medically uninsurable.² Plan options vary within pools and from state to state, and like the private individual market, HRPs typically impose waiting periods

¹Participants in the private individual market include self-employed people; people whose employers do not offer health insurance coverage; people not in the labor force; early retirees who no longer have employment-based coverage and are not yet eligible for Medicare; and people who lose their jobs and have exhausted or are ineligible for continuation of employer-based coverage.

²Individuals who—due to a preexisting health condition—have been rejected for coverage or charged higher premiums in the private individual market are typically eligible for HRP coverage. Other groups of individuals may also be eligible for HRP coverage. States may use HRPs to implement the group market to individual market portability provision of the Health Insurance Portability and Accountability Act (HIPAA) of 1996. Pub. L. No. 104-191, title I, §111, 110 Stat. 1936, 1978. HIPAA requires that individuals with prior group coverage must have continued access to nongroup coverage with any preexisting condition waiting periods waived. In addition, states can designate HRPs as qualified health coverage for displaced workers and retirees eligible for the federal Health Coverage Tax Credit, under the Trade Adjustment Assistance Reform Act of 2002. Pub. L. No. 107-210, Div. A, §201 (a), 116 Stat. 935, 954.

for coverage of preexisting conditions to discourage medically uninsurable individuals from foregoing health insurance until they require care.³

Because of the higher health care costs typically incurred by medically uninsurable individuals, all pools operate at a loss. Premiums for HRP health plans are higher than for plans offered to healthy individuals in the private health insurance market; however, these premiums are capped to limit enrollees' costs and are thus insufficient to cover the costs of enrollee health care claims.⁴ As a result, all HRPs supplement their revenues through various funding mechanisms, such as assessments on health insurance carriers and state general revenues.

Federal grants are also awarded to establish and fund HRPs. As part of the Trade Adjustment and Assistance Reform Act of 2002, Congress established a program to provide grants to HRPs to offset losses and establish HRPs—commonly referred to as operational and seed grants, respectively.⁵ Subsequent legislation authorized funding for the program through 2010, including grants to be used for supplemental consumer benefits—commonly referred to as bonus grants.⁶ Since 2003, the grant program has awarded nearly \$286 million to state HRPs for various purposes. The Centers for Medicare & Medicaid Services (CMS), within the Department of Health and Human Services (HHS), administers this federal grant program.

Recent health care reform proposals call for an expanded role for HRPs to enhance health insurance options for the medically uninsurable. Because of the federal funding provided to HRPs, you expressed interest in obtaining data on several aspects of each state HRP. In this report, we describe (1) HRP enrollment and enrollee demographics; (2) HRP plans' cost-sharing provisions, coverage restrictions, and premiums, and comparable information for certain private market health plans; and (3) HRPs' governance, expenditures, and funding.

To address our three objectives, we administered a Web-based data collection instrument (DCI) to senior officials of the 34 HRPs in operation in 2008.⁷ The data obtained were generally for fiscal year 2008, although for certain questions we obtained additional historical data. Because each HRP offers multiple plan options to enrollees, in order to simplify comparisons of plan-specific cost-sharing provisions, benefits, coverage restrictions, and premiums, we limited many of our comparisons to each pool's most popular plan—i.e., the plan chosen by the most enrollees. Collectively, the most popular plans covered 41 percent of

³Most states offer waivers for the waiting period for coverage of preexisting medical conditions. Examples of criteria to qualify for a waiver often include involuntary termination of coverage by a previous carrier or previous creditable coverage within the past 12 months, among others. HIPAA-eligible enrollees are not subject to preexisting condition restrictions.

⁴Where funding is limited, an HRP may need to restrict enrollment by various means, such as by temporarily closing the pool to new enrollees or maintaining a waiting list.

⁵Pub. L. 107-210, Div. A, § 201(b), 116 Stat. 935, 959.

⁶See, the Deficit Reduction Act of 2005, Pub. L. 109-171, § 6202, 120 Stat. 4, 134 (2006) and the State High Risk Pool Funding Extension Act of 2006, Pub. L. 109-172, § 2, 120 Stat. 185. The State High Risk Pool Funding Extension Act authorized a total of \$75 million in operational and bonus grants for each of fiscal years 2006 through 2010 and \$15 million in seed grants for fiscal year 2006. Bonus grants are to be used for supplemental consumer benefits such as premium subsidies, disease management programs, and HRP expansion efforts.

⁷We did not include the North Carolina HRP in our DCI because it was not operational until 2009.

the enrollees across the 34 HRPs.⁸ To ensure the clarity and precision of our DCI questions, we pretested the DCI with officials of the National Association of State Comprehensive Health Insurance Plans (NASCHIP), an organization that provides educational resources and information to assist state HRPs in their operation. We also received comments on the DCI from a CMS official involved in the HRP federal grant program. We received responses to the DCI from all 34 HRPs, although not every HRP responded to every question in the DCI. We relied on the data as reported by the HRPs and did not independently verify or evaluate these data. However, we reviewed all responses for reasonableness and consistency, and we clarified apparent irregularities by comparing the data to other sources, such as an annual compendium of HRP statistical information compiled by NASCHIP. In addition, we followed up with state HRP representatives for clarification where necessary. Based on these activities, we determined these data were sufficiently reliable for the purpose of our report.

We supplemented information obtained through the DCI with additional data and analyses. For our first objective, we estimated the number of individuals potentially eligible for HRP enrollment because they were uninsured and had one or more preexisting health condition. To do this, we used 2006 Medical Expenditure Panel Survey (MEPS) data to determine the percentage of uninsured individuals with at least one chronic condition that was diagnosed or treated in 2006. We then applied that percentage to Current Population Survey (CPS) estimates of the number of uninsured individuals in each of the 34 states with HRPs.^{9,10} We assessed the reliability of the MEPS and CPS data by reviewing related documentation and by testing the MEPS data to identify outliers, missing data, and other potential sources of errors, and we determined they were sufficiently reliable for our purposes. For our second objective, we compared selected HRP benefits and coverage restrictions to those found in employer-sponsored health insurance plans by obtaining data from two annual surveys—the Kaiser Family Foundation and Health Research and Educational Trust (KFF/HRET) *Employer Health Benefits Annual Survey* and the Mercer *National Survey of Employer-Sponsored Health Plans*.¹¹ KFF/HRET presents annual data based on its survey of a random sample of private and public-sector employers, which it implements from July through May each year. Mercer presents annual data based on its survey of a random sample of private-sector employers, which it implements in July of each year. For each of these surveys, we reviewed

⁸In this report, we refer to the primary policyholders as enrollees.

⁹The MEPS and CPS data we used were the most currently available at the time we performed our work. We used the 2006 MEPS, which is a set of large-scale surveys of families and individuals, their medical providers, and employers across the United States administered by the Agency for Healthcare Research and Quality. MEPS collects information regarding individuals' demographics, health status, and insurance status, among other characteristics. We also used data published in the U.S. Census Bureau's report, *Income, Poverty, and Health Insurance Coverage in the United States: 2007*, on the 3-year average (2005-2007) of the uninsured populations by state. These data were based on the CPS Annual Social and Economic Supplement, which is a household survey that collects demographic information, such as employment and health insurance status, among other characteristics.

¹⁰Our estimate of individuals potentially eligible for HRP enrollment may be understated because we excluded from our MEPS analysis individuals with conditions that are not always chronic in nature or that were diagnosed or treated prior to 2006. Conversely, our estimate could be overstated to the extent it includes uninsured individuals who may not be eligible because they had access to other private or public coverage but chose not to enroll. The CPS estimates of the uninsured in each state are subject to sampling error of plus or minus 1.3 percent at the 90 percent confidence level.

¹¹We compared HRP benefits and coverage restrictions to those in employer-sponsored plans because, according to model legislation prescribed by the National Association of Insurance Commissioners (NAIC), HRP plan benefit levels and deductibles should be comparable to coverage provided by large employers in the state. NAIC model legislation provides a basis for the uniform regulation of HRPs throughout the states.

the survey instruments and methodology and determined that the data were sufficiently reliable for our purposes. To compare trends in HRP premiums to those in the private health insurance market, we compared HRP premium data reported in our DCI to premium estimates for the private individual health insurance market published by America's Health Insurance Plans (AHIP)—a health insurance trade association—and for the employer-sponsored health insurance market published by KFF/HRET. Finally, for our third objective, we supplemented the HRP funding information we obtained through the DCI with CMS documentation on the federal grants and through interviews with the CMS official who manages these grants. We did not independently verify or evaluate information we received from CMS.

We conducted our work from July 2008 to June 2009 in accordance with all sections of GAO's Quality Assurance Framework that are relevant to our objectives. The framework requires that we plan and perform the engagement to obtain sufficient and appropriate evidence to meet our stated objectives and to discuss any limitations in our work. We believe that the information and data obtained, and the analysis conducted, provide a reasonable basis for any findings and conclusions in this product.

Results in Brief

HRP Enrollment and Demographics of Those Enrolled

- HRP enrollment—enrollees and their dependents—totaled 199,418 in the 34 HRPs in 2008. We estimated nearly 4 million additional individuals to be potentially eligible for enrollment in an HRP based on their uninsured status and preexisting health conditions.¹²
- All HRPs accepted new applicants in 2008 except for California, which had a waiting list of about 1,030, and Florida, which has been closed to new enrollment since 1991.
- The average age of HRP enrollees in 2008 was 49 years and their average length of enrollment was 3 years. Among the 6 HRPs that collected employment or income data,¹³ about half of the enrollees were employed, and the average household income was about \$41,000.

Enclosure I provides additional information on HRP enrollment and enrollee demographics.

HRP Cost-sharing Provisions, Coverage Restrictions, and Premiums

- In 2008, the average annual deductible for the most popular plan offered by each of the 34 HRPs was \$1,593—almost three times as high as the average annual deductible of \$560 among employer-sponsored health insurance plans. About 63 percent of enrollees in these most popular HRP plans had deductibles of \$1,000 or greater. In comparison, almost 88 percent of enrollees in employer-sponsored plans had a deductible of under \$1,000 or no deductible.

¹²GAO estimated the potentially eligible population, including dependents, by (1) determining the percentage of uninsured individuals with at least one chronic condition using 2006 MEPS data, and (2) applying that percentage to CPS estimates of the 3-year average uninsured population in each of the 34 states with an HRP (2005-2007). The CPS estimates are subject to sampling error of plus or minus 1.3 percent at the 90 percent confidence level.

¹³Employment information was provided by Colorado, Maryland, Oregon, Utah, and Wisconsin. Income information was provided by Indiana, Maryland, Oregon, Utah, and Wisconsin for new enrollees only.

- About 18 percent of enrollees in the 34 most popular HRP plans in 2008 were in plans that did not cover maternity care and about 3 percent were in plans that did not cover mental health services. Almost all enrollees in the most popular plans had access to prescription drug and transplant coverage.
- Fifteen percent of the most popular plans (5 plans) in 2008 had annual maximum coverage limits. These annual limits ranged between \$75,000 and \$300,000 and averaged \$175,000. By comparison, 10 percent of employer-sponsored plans had annual limits. Almost 90 percent of the most popular plans (30 plans) had lifetime dollar limits, which ranged between \$500,000 and \$5,000,000 and averaged \$1.6 million. By comparison, 56 percent of employer-sponsored plans had lifetime limits.
- Between 2004 and 2008, average monthly HRP premiums rose by 14 percent across all plans, from \$424 to \$485. During the period 2004 through 2006, HRP average monthly premiums increased by 6 percent while average premiums in the employer-sponsored health insurance and the individual health insurance markets both increased by 15 percent. During the period 2007 through 2008, HRP average monthly premiums increased by 6 percent and employer-sponsored market premiums increased by 5 percent. No comparable individual market premium data were available for these 2 years.
- Fourteen percent of all HRP enrollees received income-based premium subsidies, which were offered by 12 HRPs in 2008. The average monthly subsidy received was \$261, or about 49 percent of the subsidy recipients' average monthly premium of about \$538.

Enclosure II provides additional information on HRP cost-sharing provisions, coverage restrictions, and premiums.

HRP Governance, Expenditures, and Funding

- Collectively, in 2008, HRP governing boards included representatives from health insurance carriers (41 percent of board members), state government (13 percent), medical providers (9 percent), enrollees (7 percent), and employers (3 percent), among others.¹⁴
- Total claims paid by HRPs in 2008 were about \$1.9 billion, accounting for almost 95 percent of total HRP expenditures. The average claims per enrolled individual totaled \$9,437 in 2008, an increase of about 39 percent since 2003.
- In 2008, premium revenue contributed 54 percent of HRP funding, and insurance carrier assessments contributed about 23 percent.
- HRPs were awarded a total of approximately \$286 million in federal grants between 2003 and 2008, according to CMS. Almost 83 percent of these funds were operational grants, almost 15 percent were bonus grants, and less than 3 percent were seed grants. Federal grants comprised less than 2 percent of total HRP funding in 2008.

¹⁴Percentages provided are out of total voting board members. HRP governing boards may also include nonvoting members.

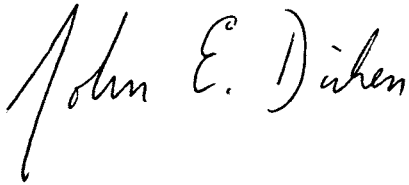
- Of the \$75 million in federal grants that HRPs were awarded in 2006, about 55 percent were used to cover operational losses, about 17 percent to reduce premiums, and about 14 percent to support income-based premium subsidy programs, according to reports submitted to CMS. HRPs used the rest of the funds for various purposes, such as disease management programs and reduction in cost sharing, increasing benefit coverage, and marketing and outreach.¹⁵

Enclosure III contains more information on HRP governance, expenditures, and funding.

Agency Comments

We provided a draft of this report to HHS and NASCHIP for comment. In response, HHS provided written comments, stating that our report contains a wealth of valuable information on HRPs. We have reproduced these comments in enclosure IV. HHS and NASCHIP also provided technical comments, which we incorporated as appropriate.

As agreed with your offices, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days from its issue date. At that time, we will send copies of this report to the Secretary of HHS, relevant congressional committees, and other interested members. The report will also be available at no charge on GAO's Web site at <http://www.gao.gov>.



John E. Dicken
Director, Health Care Issues

Enclosures – 5

¹⁵Such funds were next awarded in 2008. Annual reports on how HRPs used these 2008 grants were not available at the time of this report, so they were not included in our analysis.

HRP Enrollment and Demographics of HRP Enrollees, Fiscal Year 2008

Table 1: HRP Enrollment in 2008 and Estimate of the Potentially Eligible Population, 2005-2007 State Averages

| HRP | Total HRP enrollees | Total HRP enrollees and dependents | Estimated number of individuals potentially eligible for HRP enrollment ^a |
|-----|---------------------|------------------------------------|--|
| AL | 2,272 | 2,410 | 79,632 |
| AK | 469 | 469 | 14,490 |
| AR | 3,079 | 3,079 | 61,110 |
| CA | 6,809 | 7,036 | 846,720 |
| CO | 8,552 | 8,552 | 100,674 |
| CT | 2,073 | 2,336 | 43,344 |
| FL | 292 | 292 | 465,948 |
| ID | 1,272 | 1,337 | 27,216 |
| IL | 16,063 | 16,063 | 218,610 |
| IN | 6,261 | 6,561 | 96,516 |
| IA | 2,732 | 2,732 | 34,524 |
| KS | 1,693 | 1,863 | 40,320 |
| KY | 4,185 | 4,354 | 71,694 |
| LA | 1,117 | 1,117 | 101,682 |
| MD | 11,366 | 14,691 | 95,886 |
| MN | 23,511 | 27,386 | 55,188 |
| MS | 3,468 | 3,468 | 68,418 |
| MO | 3,015 | 3,015 | 91,098 |
| MT | 3,016 | 3,016 | 18,900 |
| NE | 5,126 | 5,126 | 26,712 |
| NH | 1,038 | 1,094 | 17,388 |
| NM | 6,020 | 6,020 | 53,550 |
| ND | 1,463 | 1,463 | 8,568 |
| OK | 2,276 | 2,276 | 80,640 |
| OR | 13,953 | 15,318 | 78,246 |
| SC | 2,329 | 2,329 | 88,830 |
| SD | 669 | 669 | 10,962 |
| TN | 3,768 | 3,768 | 104,580 |
| TX | 24,170 | 26,908 | 716,562 |
| UT | 3,621 | 3,621 | 50,274 |
| WA | 3,397 | 3,397 | 97,020 |
| WV | 568 | 652 | 33,768 |
| WI | 16,284 | 16,284 | 60,480 |

Enclosure I

| HRP | Total HRP enrollees | Total HRP enrollees and dependents | Estimated number of individuals potentially eligible for HRP enrollment ^a |
|------------------------|---------------------|------------------------------------|--|
| WY | 716 | 716 | 9,198 |
| Across all HRPs | 186,643 | 199,418 | 3,968,748 |

Source: GAO data collection instrument administered to all 34 HRPs operational in 2008 and analysis of data from the 2006 Medical Expenditure Panel Survey (MEPS) and U.S. Census Bureau, *Income, Poverty, and Health Insurance Coverage in the United States: 2007*.

^aGAO estimated the potentially eligible population, including dependents, by (1) determining the percentage of uninsured individuals with at least one chronic condition using 2006 MEPS data, and (2) applying that percentage to Current Population Estimates (CPS) estimates of the 3-year average uninsured population in each of the 34 states with an HRP (2005-2007). The CPS estimates are subject to sampling error of plus or minus 1.3 percent at the 90 percent confidence level. The MEPS and CPS data used were the most current available at the time we performed our work.

Table 2: HRPs with Waiting Lists or Closed to Enrollment, 2004-2008

| Year | HRPs with a waiting list (maximum number of individuals on the list) | HRPs closed to enrollment |
|------|--|---------------------------|
| 2004 | Illinois (279) | Florida |
| 2005 | Illinois (173) | Florida |
| 2006 | California (864) | Florida |
| 2007 | California (232) | Florida |
| 2008 | California (1,030) | Florida |

Source: GAO data collection instrument administered to all 34 HRPs operational in 2008.

Table 3: Demographics of HRP Enrollees, by State HRP, 2008

| HRP | Average age (years) | Employment status ^{a,b} Percentage of enrollees who are: | | | Average household income of new enrollees ^c | Percent male | Average length of enrollment (in months) | Percent who are HIPAA-eligible ^d | Percent who are HCTC-eligible ^e |
|------------------------|-----------------------|--|------------|----------|--|--------------|--|---|--|
| | | Employed | Unemployed | Retired | | | | | |
| AL | 51 | — | — | — | — | 45.6 | 9 | 100.0 ^f | 0.0 |
| AK | 50 | — | — | — | — | 48.6 | 50 | 32.4 | 0.0 |
| AR | — | — | — | — | — | 47.7 | 42 | 45.1 | 0.6 |
| CA | — | — | — | — | — | 43.7 | 36 | — | — |
| CO | 45 | 29.8 | 63.4 | 2.1 | — | 46.9 | 26 | 9.4 | 0.1 |
| CT | 47 | — | — | — | — | 48.4 | 53 | 49.4 | 0.8 |
| FL | 50 | — | — | — | — | 50.3 | N/A ^g | 0.0 | 0.0 |
| ID | 47 | — | — | — | — | 45.0 | 31 | — | — |
| IL | 50 | — | — | — | — | 44.6 | 47 | 64.3 | 1.4 |
| IN | 48 | — | — | — | \$27,500 | 54.9 | 31 | 37.8 | 0.1 |
| IA | 49 | — | — | — | — | 50.3 | 22 | 43.0 | 0.0 |
| KS | 51 | — | — | — | — | 44.2 | 42 | 17.9 | 0.2 |
| KY | 48 | — | — | — | — | 51.1 | 29 | 40.3 | 0.0 |
| LA | 50 | — | — | — | — | 52.8 | 41 | 60.6 | 0.2 |
| MD | 49 | 57.8 | 29.1 | 12.1 | \$35,000 | 45.6 | 16 | 30.2 | 1.5 |
| MN | — | — | — | — | — | — | — | 5.2 | 0.1 |
| MS | 51 | — | — | — | — | 45.0 | 43 | 36.6 | — |
| MO | 48 | — | — | — | — | 50.8 | 25 | 40.1 | — |
| MT | 50 | — | — | — | — | 45.0 | 42 | 46.3 | 0.1 |
| NE | 47 | — | — | — | — | 52.6 | 59 | 45.2 | 0.0 |
| NH | 47 | — | — | — | — | 47.3 | 19 | 25.4 | 1.4 |
| NM | 48 | — | — | — | — | 45.9 | 24 | 17.7 | 0.0 |
| ND | — | — | — | — | — | — | — | 2.6 | 0.2 |
| OK | — | — | — | — | — | — | — | 43.6 | 0.0 |
| OR | 46 | 42.5 | 29.5 | 13.0 | \$29,366 | 41.2 | 31 | 13.7 | 0.2 |
| SC | 50 | — | — | — | — | 48.0 | 36 | 66.7 | 1.2 |
| SD | 47 | — | — | — | — | 49.6 | 31 | 100.0 ^f | 0.0 |
| TN | 51 | — | — | — | — | 40.3 | 6 | 12.1 | — |
| TX | 51 | — | — | — | — | 46.6 | 42 | 43.1 | 0.1 |
| UT | 46 | 47.9 | 5.4 | 3.0 | \$70,573 | 40.5 | 60 | 35.0 | 0.0 |
| WA | 49 | — | — | — | — | 57.1 | 45 | 0.0 | 0.0 |
| WV | 49 | — | — | — | — | 42.1 | 13 | — | — |
| WI | 51 | 51.1 | 37.0 | — | \$54,200 ^h | 54.5 | 40 | — | — |
| WY | 51 | — | — | — | — | 48.0 | — | 0.8 | — |
| Across all HRPs | 49ⁱ | 47 | 32 | 9 | \$41,136ⁱ | 47 | 36ⁱ | 28 | 0.3 |

Source: GAO data collection instrument administered to all 34 HRPs operational in 2008.

Legend: — = response not provided

N/A: Not applicable

Enclosure I

Note: Information presented for enrollees only—not dependents, with the exception of Texas where dependents are counted as enrollees because they hold their own policies.

^aEmployment status was provided by five states—Colorado and Wisconsin collected these data from new enrollees only, and Maryland, Oregon, and Utah collected it from all enrollees.

^bPercentages may not add to 100 because some enrollees may fall into other or unknown employment status categories.

^cAverage income was provided by the five HRPs that collected income data for new enrollees in 2008.

^dHIPAA-eligible refers to those individuals who qualify for HRP enrollment because of the Health Insurance Portability and Accountability Act of 1996, which allows for portability of health coverage for those with prior group coverage.

^eHCTC-eligible refers to those individuals who qualify for HRP enrollment because of the Health Coverage Tax Credit, which provides tax credits for health insurance premiums for certain eligible displaced workers and retirees.

^fPool is open to HIPAA-eligibles only.

^gThe Florida HRP has been closed to new enrollment since 1991 and, in 2008, had 292 enrollees.

^hIncome data were provided on a voluntary basis by 77 percent of new enrollees in Wisconsin.

ⁱAverages are weighted based on HRP enrollment.

HRP Plan Cost-sharing Provisions, Benefits, Coverage Restrictions, and Premiums

Table 4: Average Annual Deductible of Most Popular HRP Plans Compared to Employer-sponsored Plans, 2008

| | Most popular HRP plans ^a | Employer-sponsored plans ^b |
|---------------------------|-------------------------------------|---------------------------------------|
| Average annual deductible | \$1,593 ^c | \$560 |

Source: GAO data collection instrument administered to all 34 HRPs operational in 2008 and Kaiser Family Foundation and Health Research & Educational Trust, *Employer Health Benefits: 2008 Annual Survey* (Menlo Park, Calif., and Chicago, Ill.: 2008).

Note: Deductibles are for self-only coverage and in-network services.

^aThis includes the most popular HRP plan—the plan with the most enrollees—in each of the 34 HRPs. The most popular plans had a total of 76,846 enrollees, accounting for 41 percent of total HRP enrollees in 2008.

^bPreferred provider organization plan types.

^cAverage was weighted by the number of HRP enrollees in the 33 most popular plans that had deductibles greater than zero.

Table 5: Distribution of Enrollees by Annual Deductible Level in All HRP Plans and Most Popular HRP Plans, Compared to Employer-sponsored Plans, 2008

| Annual deductible | HRPs | | Employer-sponsored plans ^b |
|-------------------|--|--|--|
| | All HRP plans | Most popular HRP plans ^a | |
| | Percentage of total enrollees ^c | Percentage of total enrollees ^c | Percentage of covered workers in employer-sponsored plans ^d |
| No deductible | 1.8 | 1.0 | 32.0 |
| \$1–\$499 | 6.0 | 4.1 | 35.4 |
| \$500–\$999 | 17.1 | 32.2 | 20.4 |
| \$1,000–\$1,999 | 27.1 | 17.8 | 8.8 |
| \$2,000–\$2,999 | 24.5 | 39.1 | |
| \$3,000–\$4,999 | 4.6 | 1.7 | |
| \$5,000 or more | 17.8 | 4.1 | 2.7 ^e |

Source: GAO data collection instrument administered to all 34 HRPs operational in 2008 and Kaiser Family Foundation and Health Research & Educational Trust, *Employer Health Benefits: 2008 Annual Survey* (Menlo Park, Calif., and Chicago, Ill.: 2008).

Note: Deductibles are for self-only coverage and in-network services. Information presented for enrollees only—not dependents, with the exception of Texas where dependents are counted as enrollees because they hold their own policies.

^aThis includes the most popular HRP plan—the plan with the most enrollees—in each of the 34 HRPs. The most popular plans had a total of 76,846 enrollees, accounting for 41 percent of total HRP enrollees in 2008.

^bPreferred provider organization plan types.

^cPercentages do not add to 100 because HRP enrollees in supplemental insurance plans were excluded.

^dPercentages do not add to 100 due to rounding.

^eData for employer-sponsored plans were only available for deductibles of \$2,000 or more.

Table 6: Distribution of Enrollees in Most Popular HRP Plans, by Annual Out-of-pocket Spending Limits, 2008

| Annual out-of-pocket spending limits in most popular HRP plans | Percentage of all enrollees in most popular HRP plans |
|---|--|
| Less than \$2,000 | 29.3 |
| \$2,001–\$5,000 | 48.5 |
| \$5,001–\$7,000 | 15.5 |
| \$7,001–\$10,000 | 6.6 |
| More than \$10,000 | 0 |
| Total | 100 |

Source: GAO data collection instrument administered to all 34 HRPs operational in 2008.

Notes: Analysis includes the most popular HRP plan—the plan with the most enrollees—in each of the 34 HRPs. The most popular plans had a total of 76,846 enrollees, accounting for 41 percent of total HRP enrollees in 2008.

Information on out-of-pocket spending limits was provided for self-only coverage and in-network services.

Information presented for enrollees only—not dependents, with the exception of Texas where dependents are counted as enrollees because they hold their own policies.

Percentages do not add to 100 due to rounding.

Table 7: Annual Out-of-pocket Spending Limit in Each State HRP’s Most Popular Plan, and Costs that Could Exceed the Limit, 2008

| HRP | Annual out-of-pocket spending limit | Cost-sharing features | | | | | | | |
|-----------------|-------------------------------------|---------------------------|------------------------------|---------------------------------------|-----------------------------------|-------------|------------------------------|-------------------------|-----------------------------------|
| | | Overall annual deductible | Separate hospital deductible | Separate prescription drug deductible | Separate mental health deductible | Coinsurance | Copay for prescription drugs | Copay for mental health | Copay for physician office visits |
| AL | N/A | | | | | | | | |
| AK | \$10,000 | ○ | | | | ○ | | | |
| AR | \$2,000 | | | | | ○ | | | ● |
| CA | \$2,500 | ○ | | | | ○ | ○ | ○ | ○ |
| CO | \$2,000 | ○ | | | | ○ | ● | ● | ● |
| CT | \$7,500 | ○ | ● | ● | ● | ○ | ● | ● | ● |
| FL | — | | | | | | | | |
| ID | \$10,000 | ● | | ● | | ○ | | | |
| IL | \$1,500 | ● | | | | ○ | | | |
| IN | \$1,500 | | | ● | | ○ | ● | | |
| IA | \$5,000 | ○ | | | | ○ | ● | | ● |
| KS | \$3,000 | ○ | | | | ○ | ○ | | |
| KY | \$4,000 | ● | | | | ○ | ● | ● | ● |
| LA | \$9,500 | ○ | | | | ○ | | | |
| MD | \$3,000 | ○ | | ● | | ○ | ● | ○ | ○ |
| MN | \$3,000 | ○ | | ○ | | ○ | | | |
| MS ^a | N/A | ● | | ● | | ○ | ● | | |
| MO | \$5,000 | ○ | | ○ | | ○ | ○ | | |
| MT | \$7,500 | ○ | | | | ○ | | | |
| NE | \$3,500 | ○ | | | | ○ | ● | ● | ● |
| NH | \$3,500 | ○ | | ● | | ○ | ● | | |
| NM | \$2,500 | ○ | | | | ○ | ● | ○ | ○ |
| ND | \$3,000 | ○ | | ○ | | ○ | | | |
| OK | \$10,000 | ○ | | | | ○ | ● | ○ | |
| OR | \$1,500 | ○ | | | | ○ | ● | ○ | ○ |
| SC | \$5,000 | ○ | | | | ○ | | | |
| SD | \$3,250 | ○ | | | | ○ | ● | | |
| TN | \$5,000 | ○ | | | | ○ | ● | | |
| TX | \$5,500 | ○ | | ● | | ○ | ● | | ● |
| UT | \$2,000 | ○ | | ● | | ○ | ● | ○ | ○ |
| WA | \$1,500 | ○ | ● | ● | ● | ○ | ○ | ● | ● |
| WV | \$3,000 | ● | ● | ● | ● | ○ | ● | ● | ● |
| WI | \$3,500 | ○ | | | | ○ | ● | | |
| WY | \$2,000 | ○ | | ● | | ○ | ● | | |

Source: GAO data collection instrument administered to all 34 HRPs operational in 2008

Legend: ● = Cost is not subject to the annual out-of-pocket maximum

○ = Cost is subject to the annual out-of-pocket maximum

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N/A = Not applicable because the most popular plan did not have an annual out-of-pocket maximum

— = Response not provided

Notes: Blank cells indicate that the cost was not a feature of the plan's cost-sharing structure.

Analysis includes the most popular HRP plan—the plan with the most enrollees—in each of the 34 HRPs. The most popular plans had a total of 76,846 enrollees, accounting for 41 percent of total HRP enrollees in 2008.

Information on out-of-pocket spending limits was provided for self-only coverage and in-network services.

*Mississippi does not have an overall policy regarding the out-of-pocket maximum, but it has a \$5,000 out-of-pocket maximum on allowable hospital charges, after which the policy pays allowable hospital charges at 100 percent.

Table 8: Coverage of Selected Benefits Among Most Popular HRP Plans Compared to Employer-sponsored Plans, 2008

| Benefit | Most popular HRP plans ^{a,b} | | Employer-sponsored plans |
|--|---------------------------------------|--|---|
| | Number of plans that cover benefit | Percentage of enrollees ^c in plans that cover benefit | Percentage of workers in plans that cover benefit |
| Maternity care | 30 | 82 | NA |
| • Maternity care covered as a rider ^d | 4 | 10 | NA |
| Transplants | 33 | 100 ^e | NA |
| Mental health services | 31 | 97 | 98 |
| Prescription drugs | 34 | 100 | 98 |

Source: GAO survey of 34 HRPs operational in 2008 and Kaiser Family Foundation and Health Research & Educational Trust, *Employer Health Benefits: 2008 Annual Survey* (Menlo Park, Calif., and Chicago, Ill.: 2008).

Legend: NA = Not available

^aThis includes the most popular HRP plan—the plan with the most enrollees—in each of the 34 HRPs. The most popular plans had a total of 76,846 enrollees, accounting for 41 percent of total HRP enrollees in 2008.

^bInformation is for in-network services and individual (not family) coverage only. Supplemental insurance policies are excluded.

^cInformation presented for enrollees only—not dependents, with the exception of Texas where dependents are counted as enrollees because they hold their own policies.

^dPrivate individual health insurance plans may offer optional coverage of additional services, such as maternity care. This extra coverage is referred to as an optional rider.

^eThe percentage of enrollees with coverage of transplants was 99.7, which rounds to 100.

Table 9: Selected Cost-sharing Features and Coverage Limits Among Most Popular HRP Plans Compared to Employer-sponsored Plans, 2008

| Cost-sharing features and limits on coverage | Most popular HRP plans ^{a,b} | | Employer-sponsored plans |
|---|---------------------------------------|---|---|
| | Number of plans | Percentage of enrollees in plans with feature and/or limit ^c | Percentage of covered workers in plans with feature and/or limit ^d |
| Separate cost sharing for inpatient hospital care, in addition to the overall plan deductible | 21 | 56 | 79 |
| Preventive services exempt from plan deductible | 15 | 57 | 89 |
| Separate prescription drug deductible for plans that cover prescription drugs | 13 | 41 | 11 |
| Required coinsurance for prescription drugs for plans that cover prescription drugs | 26 | 76 | NA |
| Out-of-pocket annual maximums that apply to cost sharing for prescription drugs for plans that cover prescription drugs | 9 | 18 | 11 |
| Thirty or less mental health outpatient visits covered in a year by plans that cover mental health benefits | 13 ^e | 19 | 59 ^f |
| Additional cost sharing for emergency room care | 12 | 49 | NA |

Source: GAO data collection instrument administered to all 34 HRP's operational in 2008 and Kaiser Family Foundation and Health Research & Educational Trust, *Employer Health Benefits: 2008 Annual Survey* (Menlo Park, Calif., and Chicago, Ill.: 2008).

Legend: NA = Not available

^aThis includes the most popular HRP plan—the plan with the most enrollees—in each of the 34 HRP's. The most popular plans had a total of 76,846 enrollees, accounting for 41 percent of total HRP enrollees in 2008.

^bInformation is for in-network services and individual (not family) coverage only. Supplemental insurance policies are excluded.

^cInformation presented for HRP enrollees only—not dependents, with the exception of Texas where dependents are counted as enrollees because they hold their own policies.

^dPreferred provider organization plan types.

^eSuch limits may apply to some mental health services only. For example, the New Mexico HRP reported that its mental health limits apply only to chemical dependency services.

^fInformation for mental health outpatient visits is for covered workers with outpatient mental health coverage and not specified for in- or out-of-network coverage.

Table 10: Annual and Lifetime Dollar Limits Among Most Popular HRP Plans Compared to Employer-sponsored Plans, 2008

| Type of Limit | Most popular HRP plans ^{a,b} | | | | Employer-sponsored plans | |
|-----------------------|---------------------------------------|---------------------|--|----------------------------|--------------------------------|--|
| | Average limit | Range in limits | Number of enrollees ^c who met limit | Number of plans with limit | Percentage of plans with limit | Percentage of employer-sponsored plans with limit ^d |
| Annual dollar limit | \$175,000 | \$75,000–300,000 | 10 | 5 ^e | 15 | 10 |
| Lifetime dollar limit | \$1.6 million | \$500,000–5 million | 16 | 30 ^f | 88 | 56 ^g |

Source: GAO data collection instrument administered to all 34 HRPs operational in 2008 and Mercer, *National Survey of Employer-Sponsored Health Plans, 2008*.

^aThis includes the most popular HRP plan—the plan with the most enrollees—in each of the 34 HRPs. The most popular plans had a total of 76,846 enrollees, accounting for 41 percent of total HRP enrollees in 2008.

^bInformation is for in-network services and individual (not family) coverage only. Supplemental insurance policies are excluded.

^cInformation presented for enrollees only—not dependents, with the exception of Texas where dependents are counted as enrollees because they hold their own policies.

^dAmong preferred provider organization and point-of-service plans offered by employers with 10 or more employees.

^eThe five HRPs that had annual limits were: California, Louisiana, Tennessee, Utah, and West Virginia. In addition, while some HRPs may not have had overall annual limits, they may have had annual limits on specific services. For example, Mississippi told us that while it did not have an overall annual limit in 2008, it had an annual pharmacy limit of \$100,000 in 2008. Similarly, New Mexico had annual limits on acupuncture, diabetic education services, therapy/rehabilitation, and annual wellness preventive benefits.

^fHRPs may have had lifetime limits on individual services. For example, New Mexico reported that while it did not have an overall lifetime limit, it had a \$5 million lifetime limit on transplants and a \$2,500 limit on diabetic education services.

^gMedian lifetime limit was \$2,000,000.

Table 11a: HRP Average Monthly Premiums, by State HRP, 2004-2006

| HRP | 2004 | | | 2005 | | | 2006 | | |
|-----------------|--|--|--|--|--|--|--|--|--|
| | HRP premium rate as a percent of standard market rate ^a | Average monthly HRP premium ^b | Average monthly HRP premium for 50-year-old nonsmoking male ^c | HRP premium rate as a percent of standard market rate ^a | Average monthly HRP premium ^b | Average monthly HRP premium for 50-year-old nonsmoking male ^c | HRP premium rate as a percent of standard market rate ^a | Average monthly HRP premium ^b | Average monthly HRP premium for 50-year-old nonsmoking male ^c |
| AL | 98 | \$448 | \$358 | 104 | \$486 | \$412 | 127 | \$539 | \$478 |
| AK | 137 | 462 | 580 | 142 | 494 | 580 | 145 | 511 | 614 |
| AR | 140 | 463 | 622 | 140 | 395 | 389 | 150 | 419 | 416 |
| CA | 125 | 519 | 666 | 125 | 444 | 683 | 125 | 435 | 736 |
| CO | 144 | 379 | 689 | 144 | 376 | 571 | 134 | 405 | 622 |
| CT | 150 | 651 | 658 | 150 | 712 | 567 | 150 | 623 | 651 |
| FL | 200 | — | — | 200 | — | — | 200 | — | — |
| ID | 125 | 303 | 250 | 125 | 330 | 260 | 131 | 349 | 252 |
| IL | 138 | 496 | 610 | 138 | 517 | 623 | 137 | 523 | 660 |
| IN | 138 | 496 | 515 | 134 | 528 | 546 | 133 | 575 | 590 |
| IA | 150 | 681 | 860 | 150 | 457 | 329 | 150 | 471 | 360 |
| KS | 130 | 475 | 621 | 134 | 483 | 640 | 134 | 494 | 656 |
| KY | 130 | 400 | 324 | 130 | 424 | 357 | 130 | 480 | 369 |
| LA | 184 | 609 | 483 | 183 | 535 | 529 | 183 | 575 | 482 |
| MD | 147 | 272 | 267 | 131 | 306 | 273 | 121 | 283 | 273 |
| MN | 112 | 308 | 382 | 120 | 342 | 359 | 123 | 380 | 315 |
| MS | 150 | 356 | 316 | 150 | 375 | 322 | 150 | 400 | 366 |
| MO | 175 | 382 | 338 | 168 | 251 | 355 | 168 | 417 | 396 |
| MT | 117 | 349 | 311 | 134 | 395 | 358 | 138 | 426 | 383 |
| NE | 135 | 488 | 401 | 135 | 510 | 435 | 135 | 510 | 434 |
| NH | 140 | 459 | 458 | 136 | 477 | 505 | 125 | 424 | 498 |
| NM | — | 420 | 625 | — | 374 | 407 | 147 | 250 | 407 |
| ND | 135 | 304 | 378 | 135 | 336 | 402 | 135 | 363 | 420 |
| OK | 150 | 497 | 674 | 150 | 418 | 674 | 150 | 545 | 848 |
| OR | 102 | 391 | 482 | 111 | 344 | 434 | 110 | 376 | 506 |
| SC | 200 | 734 | — | 200 | 835 | 665 | 200 | 878 | 737 |
| SD | 150 | 139 | 377 | 150 | 380 | 429 | 150 | 404 | 471 |
| TN | — | — | — | — | — | — | — | — | — |
| TX | 200 | 479 | 397 | 200 | 489 | 420 | 200 | 510 | 456 |
| UT | 125 | 355 | 369 | 141 | 404 | 434 | 142 | 443 | 497 |
| WA | 120 | 416 | 582 | 120 | 524 | 777 | 113 | 514 | 791 |
| WV | — | — | — | 148 | 830 | 474 | 140 | 595 | 512 |
| WI ^d | 140 | — | 360 | 140 | 442 | 417 | 144 | 474 | 437 |
| WY | 150 | 669 | 711 | 174 | 675 | 782 | 179 | 801 | 899 |

Enclosure II

| HRP | 2004 | | | 2005 | | | 2006 | | |
|--|--|--|--|--|--|--|--|--|--|
| | HRP premium rate as a percent of standard market rate ^a | Average monthly HRP premium ^b | Average monthly HRP premium for 50-year-old nonsmoking male ^c | HRP premium rate as a percent of standard market rate ^a | Average monthly HRP premium ^b | Average monthly HRP premium for 50-year-old nonsmoking male ^c | HRP premium rate as a percent of standard market rate ^a | Average monthly HRP premium ^b | Average monthly HRP premium for 50-year-old nonsmoking male ^c |
| Average monthly premium across all HRPs^e | | \$424 | | | \$431 | | | \$450 | |

Source: GAO data collection instrument administered to all 34 HRPs operational in 2008.

Legend: — = response not provided

^aIn general, each HRP sets premiums as a percentage of a standard market rate, which is based on the premium rates charged by other private individual market health insurance carriers offering coverage in its state.

^bHRPs calculated average premiums by dividing the total premium revenue in each year by the average number of enrollees for the year, with the exception of Texas which also included dependents in its calculation because they hold their own policies. The calculation excludes supplemental plans.

^cAverage premium is for a 50-year-old nonsmoking male with self-only coverage who is enrolled in that state's most popular plan—the one with the most enrollees.

^dWisconsin does not set its premiums as a percent of the standard rate.

^eAverages are weighted based on HRP enrollment.

Table 11b: HRP Average Monthly Premiums, by State HRP, Continued, 2007-2008

| HRP | 2007 | | | 2008 | | |
|-----------------|--|--|--|--|--|--|
| | HRP premium rate as a percent of standard market rate ^a | Average monthly HRP premium ^b | Average monthly HRP premium for 50-year-old nonsmoking male ^c | HRP premium rate as a percent of standard market rate ^a | Average monthly HRP premium ^b | Average monthly HRP premium for 50-year-old nonsmoking male ^c |
| AL | 126 | \$556 | \$502 | 123 | \$571 | \$540 |
| AK | 145 | 563 | 689 | 140 | 596 | 761 |
| AR | 150 | 445 | 450 | 150 | 447 | 462 |
| CA | 125 | 410 | 717 | 125 | 471 | 772 |
| CO | 130 | 329 | 478 | 128 | 351 | 524 |
| CT | 150 | 628 | 717 | 150 | 709 | 802 |
| FL | 200 | 455 | — | 200 | — | — |
| ID | 125 | 350 | 247 | 125 | 367 | 275 |
| IL | 137 | 551 | 693 | 137 | 608 | 721 |
| IN | 130 | 598 | 613 | 129 | 629 | 613 |
| IA | 150 | 461 | 375 | 150 | 472 | 384 |
| KS | 134 | 531 | 681 | 134 | 589 | 521 |
| KY | 130 | 499 | 384 | 130 | 502 | 388 |
| LA | 182 | 527 | 441 | 180 | 562 | 482 |
| MD | 117 | 278 | 280 | 105 | 270 | 431 |
| MN | 119 | 385 | 325 | 120 | 410 | 375 |
| MS | 150 | 432 | 383 | 146 | 428 | 383 |
| MO | 170 | 453 | 437 | 150 | 474 | 450 |
| MT | 130 | 411 | 394 | 135 | 486 | 397 |
| NE | 135 | 539 | 564 | 135 | 502 | 546 |
| NH | 125 | 438 | 538 | 125 | 461 | 580 |
| NM | 138 | 245 | 407 | 137 | 240 | 407 |
| ND | 135 | 394 | 478 | 135 | 421 | 478 |
| OK | 150 | 534 | 848 | 150 | 552 | 848 |
| OR | 117 | 344 | 419 | 113 | 398 | 503 |
| SC | 200 | 836 | 693 | 200 | 926 | 792 |
| SD | 150 | 466 | 502 | 150 | 504 | 571 |
| TN | 150 | 670 | 649 | 150 | 672 | 649 |
| TX | 200 | 540 | 493 | 200 | 593 | 565 |
| UT | 137 | 448 | 542 | 134 | 444 | 569 |
| WA | 113 | 505 | 777 | 113 | 538 | 801 |
| WV | 140 | 608 | 538 | 130 | 585 | 466 |
| WI ^d | 149 | 492 | 429 | 120 | 466 | 404 |
| WY | 200 | 855 | 811 | 166 | 752 | 811 |

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| HRP | 2007 | | | 2008 | | |
|--|--|--|--|--|--|--|
| | HRP premium rate as a percent of standard market rate ^a | Average monthly HRP premium ^b | Average monthly HRP premium for 50-year-old nonsmoking male ^c | HRP premium rate as a percent of standard market rate ^a | Average monthly HRP premium ^b | Average monthly HRP premium for 50-year-old nonsmoking male ^c |
| Average monthly premium across all HRPs^e | | \$460 | | | \$485 | |

Source: GAO data collection instrument administered to all 34 HRPs operational in 2008.

Legend: — = response not provided

^aIn general, each HRP sets premiums as a percentage of a standard market rate, which is based on the premium rates charged by other private individual health insurance carriers offering coverage in its state.

^bHRPs calculated average premiums by dividing the total premium revenue in each year by the average number of enrollees for the year, with the exception of Texas which also included dependents in its calculation because they hold their own policies. The calculation excludes supplemental plans.

^cAverage premium is for a 50-year-old nonsmoking male with self-only coverage who is enrolled in that state's most popular plan—the one with the most enrollees.

^dWisconsin does not set its premiums as a percent of the standard market rate.

^eAverages are weighted based on HRP enrollment.

Table 12: Change in Average Monthly Premiums for all HRPs Compared to Private Health Insurance Market Premiums, 2004 to 2008

| | 2004 through 2006 | | | 2007 through 2008 | | | 2004 through 2008 |
|--------------------------------|-------------------|--------------------|-------------------|-------------------|-------|-------------------|-------------------|
| | 2004 | 2006 | Percentage change | 2007 | 2008 | Percentage change | Percentage change |
| Employer-sponsored market | \$308 | \$354 | 15 | \$373 | \$392 | 5 | 27 |
| Individual market ^a | \$189 | \$218 ^b | 15 | NA | NA | NA | NA |
| HRP ^{c,d} | \$424 | \$450 | 6 | \$460 | \$485 | 6 | 14 |

Sources: GAO data collection instrument administered to all 34 HRPs operational in 2008; America's Health Insurance Plans (AHIP) Center for Policy and Research, *Individual Health Insurance: A Comprehensive Survey of Affordability, Access, and Benefits, August 2005*, (Washington, D.C.: 2005), and *Individual Health Insurance 2006-2007: A Comprehensive Survey of Premiums, Availability, and Benefits* (Washington, D.C.: 2007); Kaiser Family Foundation and Health Research & Educational Trust, *Employer Health Benefits: 2004, 2006, 2007, and 2008 Annual Surveys* (Menlo Park, Calif., and Chicago, Ill.: 2004, 2006, 2007, and 2008 respectively).

Legend: NA = Not available

^aAccording to model legislation prescribed by the National Association of Insurance Commissioners, an HRP should consider basing premiums on the standard market rates charged in the individual market in its state.

^bAHIP individual market premium data are mostly as of December 2006 and January 2007.

^cHRPs calculated average premiums by dividing the total premium revenue in each year by the average number of enrollees for the year, with the exception of Texas which also included dependents in its calculation because they hold their own policies. The calculation excludes supplemental plans. In addition, monthly averages were weighted by the number of enrollees across all plans that responded.

^dTable shows rounded numbers for average monthly HRP premiums. However, percentage change numbers were calculated using non-rounded numbers.

Table 13: Income-based Premium Subsidies Offered by HRPs, 2008

| HRP | Subsidy recipients | Maximum household income eligible for a subsidy as percentage of FPL ^a | Average discount as a percentage of monthly premium | Average monthly discount | Maximum discount available as a percentage of monthly premium |
|------------------------|---------------------------|---|---|--------------------------|---|
| CO | 3,232 | 481 | 30 | \$111 | 31 |
| IN | 238 | 200 | 40 | 348 | 45 |
| MD | 4,614 | 300 | 55 | 191 | 63 |
| MN ^b | 2,390 | 220 | — | — | — |
| MT | 336 | 150 | 45 | 266 | 45 |
| NM | 2,637 | 399 | 67 | 239 | 75 |
| OR | 4,729 | 185 | — | 397 | 95 |
| TN | 3,342 | 350 | 63 | 436 | 90 |
| UT | 795 | 300 | 37 | 168 | 50 |
| WA | 11 | 300 | 18 | 168 | 21 |
| WI ^c | 3,299 | — | 33 | 169 | 43 |
| WY | 92 | 250 | 30 | — | 33 |
| Across all HRPs | 25,715^d | 285% | 49%^e | \$261^e | 66^e |

Source: GAO data collection instrument administered to all 34 HRPs operational in 2008.

Legend: — = response not provided

Note: Information presented for the 12 HRPs that reported that they provided income-based premium subsidies. Other HRPs may also offer income-based subsidies that are not related to premiums.

^aFederal Poverty Level (FPL).

^bMinnesota's subsidy program is not tied directly to the amount of premium or percent of premium an enrollee pays; rather, it is a program that provides a subsidy once a year. If enrollees qualify at 220 percent of the FPL based on household size, they receive one check per enrollee and dependent. They are not required to use these funds toward premium payment. For example, funds can be used for other purposes such as paying coinsurance, or deductible amounts due to providers. The program includes enrollees and dependents on all plans including Medicare.

^cThe income limit for Wisconsin's subsidy program was not expressed relative to the FPL, but to a level of household income. In calendar year 2008, the maximum income eligible was \$25,000.

^dFourteen percent of all HRP enrollees were receiving income-based premium subsidies.

^eAverage is weighted by number of subsidy recipients.

Enclosure II

Table 14: Income-based Premium Subsidy Recipients by Deductible Level, 2008

| Deductible level | Number of subsidy recipients enrolled |
|-------------------------|--|
| No deductible | 229 |
| \$1 – \$499 | 2,218 |
| \$500 – \$999 | 9,186 |
| \$1,000 – \$1,999 | 5,851 |
| \$2,000 – \$2,999 | 3,348 |
| \$3,000 – \$4,999 | 909 |
| \$5,000 or more | 1,538 |

Source: GAO data collection instrument administered to all 34 HRPs operational in 2008.

Note: Information presented for the 12 HRPs that reported that they provided income-based premium subsidies. Deductible information was not provided for all subsidy recipients.

HRP Governance, Expenditures, and Funding

Table 15: Composition of HRP Boards of Directors Across All 34 HRPs, 2008

| Group | Voting members as a percentage of total | Nonvoting members as a percentage of total |
|--------------------|--|---|
| Employers | 3 | 5 |
| Enrollees | 7 | 0 |
| Insurance carriers | 41 | 2 |
| Medical providers | 9 | 15 |
| State government | 13 | 54 |
| Other ^a | 27 | 24 |

Source: GAO data collection instrument administered to all 34 HRPs operational in 2008.

^aOther members of HRP boards of directors include members of insurance and medical representative associations, the general public, and disability agents, among others.

Table 16: Composition of Boards of Directors by State HRP, 2008

| HRP | Employers | | Enrollees | | Insurance carriers | | Medical providers | | State government | | Other ^a | |
|-----|-----------|-----------|-----------|-----------|--------------------|-----------|-------------------|-----------|------------------|-----------|--------------------|-----------|
| | Voting | Nonvoting | Voting | Nonvoting | Voting | Nonvoting | Voting | Nonvoting | Voting | Nonvoting | Voting | Nonvoting |
| AL | | | | | 2 | | | | 3 | | 1 | |
| AK | | | | | 5 | | | | | | 2 | |
| AR | | | 1 | | 4 | | 1 | | | | 1 | |
| CA | | | | | | | | | | | 5 | 3 |
| CO | | | 2 | | 4 | | 1 | | | 3 | | |
| CT | | | | | 9 | | | | | | | |
| FL | | | 1 | | 1 | | | | 1 | | | |
| ID | | | | | 4 | | | | 3 | | 4 | |
| IL | | | | | | | | | 3 | 4 | 10 | |
| IN | | | 2 | | 4 | | 1 | | 2 | | | |
| IA | | | | | 7 | | | | 1 | | 3 | 3 |
| KS | | | 1 | | 6 | | 1 | | | | 3 | |
| KY | | | | | | | | | 1 | 1 | | |
| LA | 1 | | 1 | | 1 | | 2 | | | 3 | 5 | |
| MD | 1 | | | | 1 | | | | 4 | | 3 | |
| MN | 1 | | 2 | | 6 | | | | | | 2 | |
| MS | | | | | 3 | | 1 | | | 2 | 3 | |
| MO | | | | | 3 | | 2 | | 1 | 4 | 3 | |
| MT | | | 1 | | 7 | | | | | | | |
| NE | | | 1 | | 4 | | | | | | 2 | |
| NH | 1 | | | | 6 | | 1 | | | 1 | 2 | |
| NM | | | | | 4 | | 1 | | 1 | | 5 | |
| ND | | | | | 3 | | | | 5 | | | |
| OK | | | 1 | | 5 | | 1 | | | | 2 | |
| OR | | | | | 5 | | 1 | | 1 | | 2 | 1 |
| SC | | | | | 5 | | | | | | 3 | |
| SD | | 2 | | | 1 | 1 | 1 | 6 | 5 | 2 | | 3 |
| TN | 2 | | | | 2 | | 2 | | 5 | | 2 | |
| TX | | | 2 | | 2 | | 2 | | | | 3 | |
| UT | 1 | | 1 | | 2 | | 1 | | 2 | | 5 | |
| WA | 2 | | 2 | | 4 | | 1 | | | 1 | 1 | |
| WV | | | | | 2 | | 1 | | | | 3 | |
| WI | 1 | | 2 | | 4 | | 4 | | | 1 | 2 | |
| WY | | | | | 3 | | | | 1 | | 3 | |

Source: GAO data collection instrument administered to all 34 HRPs operational in 2008.

^aOther members of HRP boards of directors include members of insurance and medical representative associations, the general public, and disability agents, among others.

Table 17: Expenditures by State HRP, 2003 and 2008 (dollars in thousands)

| HRP | Year | Paid claims | | | | | Administrative expenses ^b | Other expenditures | Total expenditures ^c |
|-----|-------------------|-------------|-------------------------------------|--------------------|--------------|--------|--------------------------------------|--------------------|---------------------------------|
| | | Medical | Mental health services ^a | Prescription drugs | Total claims | | | | |
| AL | 2003 | \$23,991 | — | — | \$23,991 | \$263 | \$19 | \$24,272 | |
| | 2008 | 21,225 | — | — | 21,225 | 363 | 24 | 21,612 | |
| AK | 2003 | 5,749 | — | \$909 | 6,658 | 416 | 95 | 7,168 | |
| | 2008 | 4,558 | \$54 | 780 | 5,392 | 352 | 163 | 5,906 | |
| AR | 2003 | 21,375 | — | — | 21,375 | 2,149 | 27 | 23,551 | |
| | 2008 | 19,635 | — | — | 19,635 | 2,386 | — | 22,021 | |
| CA | 2003 | 97,565 | — | — | 97,565 | 4,850 | — | 102,415 | |
| | 2008 | 39,201 | — | — | 39,201 | 2,507 | — | 41,708 | |
| CO | 2003 | 24,876 | — | 5,568 | 30,444 | 3,007 | — | 33,451 | |
| | 2008 | 51,401 | — | 11,227 | 62,628 | 5,302 | — | 67,930 | |
| CT | 2003 | 22,391 | — | — | 22,391 | 725 | 1,164 | 24,281 | |
| | 2008 | 28,108 | — | 7,543 | 35,651 | 521 | 1,098 | 37,270 | |
| FL | 2003 | 4,371 | — | 0 | 4,371 | 552 | — | 4,923 | |
| | 2008 | 2,812 | — | 865 | 3,676 | 630 | — | 4,306 | |
| ID | 2003 | 5,715 | 0 | 0 | 5,715 | 143 | 32 | 5,889 | |
| | 2008 | 12,578 | 0 | 0 | 12,578 | 1,360 | 141 | 14,079 | |
| IL | 2003 | 81,814 | — | 25,245 | 107,059 | 6,131 | — | 113,191 | |
| | 2008 | 115,607 | — | 40,521 | 156,128 | 8,883 | — | 165,011 | |
| IN | 2003 | 90,429 | 0 | 18,617 | 109,046 | 4,538 | 596 | 114,180 | |
| | 2008 | 57,100 | 0 | 39,810 | 96,910 | 3,991 | 587 | 101,488 | |
| IA | 2003 | — | — | — | 1,795 | 365 | — | 2,160 | |
| | 2008 | 25,760 | 307 | 5,392 | 31,459 | 1,442 | 201 | 33,101 | |
| KS | 2003 | 11,488 | — | 1,485 | 12,974 | 318 | 137 | 13,429 | |
| | 2008 | 19,334 | — | 2,930 | 22,264 | 322 | 852 | 23,438 | |
| KY | 2003 | 10,697 | 91 | 3,802 | 14,591 | 1,281 | 41 | 15,914 | |
| | 2008 | 31,091 | 527 | 15,654 | 47,272 | 3,122 | 39 | 50,433 | |
| LA | 2003 | 12,174 | 0 | 1,570 | 13,744 | 746 | 338 | 14,828 | |
| | 2008 | 7,785 | 0 | 1,791 | 9,576 | 1,137 | 381 | 11,094 | |
| MD | 2003 ^d | 0 | 0 | 0 | 0 | 96 | 169 | 266 | |
| | 2008 | 75,829 | 1,817 | 28,866 | 106,511 | 6,568 | 800 | 113,880 | |
| MN | 2003 | — | — | — | 175,049 | 9,079 | 0 | 184,128 | |
| | 2008 | 195,904 | — | 49,869 | 245,773 | 10,207 | 1,559 | 257,540 | |
| MS | 2003 | 17,956 | 277 | 5,524 | 23,757 | 1,371 | 0 | 25,129 | |
| | 2008 | 16,260 | 132 | 6,625 | 23,018 | 1,597 | 0 | 24,615 | |
| MO | 2003 | 11,666 | — | 5,062 | 16,728 | 2,114 | 0 | 18,842 | |
| | 2008 | 16,407 | — | 8,387 | 24,794 | 2,849 | 0 | 27,644 | |
| MT | 2003 | 10,369 | — | 3,481 | 13,850 | 1,085 | 112 | 15,047 | |
| | 2008 | 20,968 | — | 4,539 | 25,507 | 1,165 | 209 | 26,882 | |

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| Paid claims | | | | | | | | |
|-----------------------------------|-------------|------------------|-------------------------------------|--------------------|------------------|--------------------------------------|--------------------|---------------------------------|
| HRP | Year | Medical | Mental health services ^a | Prescription drugs | Total claims | Administrative expenses ^b | Other expenditures | Total expenditures ^c |
| NE | 2003 | 32,214 | 0 | 12,657 | 44,871 | 2,891 | 93 | 47,856 |
| | 2008 | 39,092 | 0 | 15,827 | 54,920 | 2,982 | 675 | 58,576 |
| NH | 2003 | 1,499 | — | 60 | 1,559 | 323 | 42 | 1,925 |
| | 2008 | 10,997 | 83 | 1,103 | 12,183 | 702 | 142 | 13,027 |
| NM | 2003 | 7,136 | — | 2,924 | 10,060 | 425 | 225 | 10,710 |
| | 2008 | 46,283 | 381 | 14,189 | 60,853 | 2,454 | 975 | 64,282 |
| ND | 2003 | — | — | — | 8,090 | 281 | — | 8,370 |
| | 2008 | — | — | — | 10,343 | 379 | — | 10,722 |
| OK | 2003 | 16,368 | 0 | 6,993 | 23,361 | 1,227 | 0 | 24,587 |
| | 2008 | 16,013 | 0 | 8,320 | 24,333 | 1,239 | 0 | 25,571 |
| OR | 2003 | 45,624 | 1,508 | 13,961 | 61,092 | 3,976 | 0 | 65,069 |
| | 2008 | 125,324 | 7,252 | 30,453 | 163,029 | 7,982 | 0 | 171,011 |
| SC | 2003 | 18,973 | — | — | 18,973 | 1,405 | 275 | 20,652 |
| | 2008 | 26,630 | — | — | 26,630 | 1,737 | 66 | 28,433 |
| SD | 2003 | — | — | — | — | — | — | — |
| | 2008 | 3,707 | — | 1,518 | 5,225 | 389 | 0 | 5,614 |
| TN | 2003 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2008 | 20,443 | 0 | 4,675 | 25,118 | 2,359 | 0 | 27,477 |
| TX | 2003 | 124,682 | — | 52,696 | 177,378 | 14,284 | 0 | 191,662 |
| | 2008 | 182,337 | — | 80,210 | 262,547 | 13,715 | 0 | 276,262 |
| UT | 2003 | 12,275 | — | 3,808 | 16,083 | 1,340 | — | 17,424 |
| | 2008 | 21,021 | — | 4,975 | 25,996 | 1,782 | — | 27,778 |
| WA | 2003 | — | — | — | 37,493 | 1,746 | 0 | 39,239 |
| | 2008 | 30,880 | 838 | 23,490 | 55,208 | 3,567 | 0 | 58,775 |
| WV | 2003 | 0 | — | 0 | 0 | 0 | 0 | 0 |
| | 2008 | 1,957 | — | 722 | 2,679 | 387 | 0 | 3,066 |
| WI | 2003 | — | — | — | 110,444 | 4,574 | 0 | 115,018 |
| | 2008 | 123,458 | — | 33,364 | 156,822 | 6,530 | 0 | 163,352 |
| WY | 2003 | 4,568 | — | — | 4,568 | 51 | 112 | 4,731 |
| | 2008 | 7,511 | — | — | 7,511 | 74 | 314 | 7,899 |
| Total | 2003 | 715,965 | 1,876 | 164,364 | 1,215,075 | 71,752 | 3,479 | 1,290,306 |
| | 2008 | 1,417,216 | 11,391 | 443,646 | 1,882,595 | 100,982 | 8,226 | 1,991,803 |
| Percent change^d | | +99 | | +170 | +55 | +41 | +136 | +54 |

Source: GAO data collection instrument administered to all 34 HRPs operational in 2008.

Legend: — = response not provided

^aWhere mental health services claims are not provided, they are included in the medical claims.

^bMay include third-party administrative fees, actuarial fees, legal fees, agent fees, etc.

^cTotals may not add due to rounding.

^dThe Maryland HRP did not begin providing health insurance coverage until fiscal year 2004.

^eWhile this table presents expenditure figures in rounded numbers (thousands), the percentage change numbers were calculated based on non-rounded expenditure numbers.

Table 18: Average Claims per Enrolled Individual, by State HRP, 2003 and 2008

| HRP | 2003 | 2008 |
|------------------------|-----------------------------|----------------------------|
| AL | \$6,114 | \$8,807 |
| AK | 13,755 | 11,496 |
| AR | 6,485 | 6,377 |
| CA | 12,609 | 5,572 |
| CO | 6,251 | 7,323 |
| CT | 9,778 | 15,262 |
| FL | 8,406 | 12,590 |
| ID | 4,369 | 9,407 |
| IL | 6,668 | 9,720 |
| IN | 11,355 | 13,864 |
| IA | 13,806 | 11,515 |
| KS | 7,618 | 11,951 |
| KY | 5,939 | 10,857 |
| LA | 10,047 | 8,573 |
| MD | 0 ^a | 7,250 |
| MN | 5,194 | 8,974 |
| MS | 5,603 | 6,637 |
| MO | 6,856 | 8,224 |
| MT | 4,553 | 8,457 |
| NE | 7,274 | 10,714 |
| NH | 9,868 | 11,137 |
| NM | 8,383 | 10,108 |
| ND | 4,479 | 7,070 |
| OK | 8,211 | 10,691 |
| OR | 6,180 | 10,643 |
| SC | 10,546 | 11,434 |
| SD | — ^b | 7,810 |
| TN | — ^c | 6,666 |
| TX | 7,189 | 9,757 |
| UT | 5,661 | 7,179 |
| WA | 14,138 | 16,252 |
| WV | — ^d | 4,109 |
| WI | 6,330 | 9,630 |
| WY | 7,016 | 10,490 |
| Across all HRPs | \$ 6,795^e | \$9,437^e |

Source: GAO data collection instrument administered to all 34 HRPs operational in 2008 and GAO analysis of data from the National Association of State Comprehensive Health Insurance Plans, *Comprehensive Health Insurance for High-Risk Individuals: A State-by-State Analysis, 2008/2009*.

Legend: — = response not provided

Note: GAO calculated average claims based on an analysis of total claims and total enrollment—including dependents—for all state HRPs except for Indiana, which directly provided us average claims data.

^aMaryland's HRP was first established in 2003.

^bSouth Dakota's HRP was first established in 2003.

^cTennessee's HRP did not exist in 2003.

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^aWest Virginia's HRP did not exist in 2003.

^aAverages weighted by total enrollment.

Table 19: Sources of HRP Funding Nationwide, 2003 and 2008 (in thousands)

| Type of funding | 2003 | | 2008 | |
|--|------------------|-----------------------------|------------------|-----------------------------|
| | (\$) | Percentage of total funding | (\$) | Percentage of total funding |
| Premiums | 763,850 | 57.4 | 981,882 | 54.0 |
| Assessments on health insurance carriers | 428,288 | 32.2 | 422,815 | 23.2 |
| Other assessments | 28,137 | 2.1 | 135,073 | 7.4 |
| State general revenues | 16,683 | 1.3 | 93,426 | 5.1 |
| State tobacco tax | 40,000 | 3.0 | 39,771 | 2.2 |
| Federal grants ^a | 1,844 | 0.1 | 31,487 | 1.7 |
| Other | 52,248 | 3.9 | 115,063 | 6.3 |
| Total | 1,331,050 | 100 | 1,819,517 | 100^b |

Source: GAO data collection instrument administered to all 34 HRPs operational in 2008.

^aFederal grants were awarded by the Centers for Medicare & Medicaid Services.

^bTotals do not sum to 100 percent due to rounding.

Table 20: Sources of Funding by State HRP, 2003 and 2008

| HRP | Year | Percentage of total funding | | | | | | | Total funding for state HRP (in thousands) |
|-----|------|-----------------------------|-------------------------|-------------------|-----------------------|-------------------|-----------------------------|-------|--|
| | | Premiums | Assessments on carriers | Other assessments | State general revenue | State tobacco tax | Federal grants ^a | Other | |
| AL | 2003 | 65.5 | 33.9 | 0 | 0 | 0 | 0 | 0.6 | \$28,683 |
| | 2008 | 72.4 | 20.3 | 0 | 0 | 0 | 6.3 | 1.0 | 23,071 |
| AK | 2003 | 43.5 | 56.4 | — | — | — | — | 0.1 | 5,939 |
| | 2008 | 52.3 | 38.9 | — | — | — | 8 | 0.7 | 6,420 |
| AR | 2003 | 61.9 | 38.1 | 0 | 0 | 0 | 0 | 0.1 | 26,462 |
| | 2008 | 76.7 | 21.6 | 0 | 0 | 0 | 0.1 | 1.6 | 20,963 |
| CA | 2003 | 63.4 | 0 | 0 | 0 | 36.6 | 0 | 0 | 109,285 |
| | 2008 | 45.0 | 0 | 11.2 | 0 | 43.8 | 0 | 0 | 88,927 |
| CO | 2003 | 67.1 | 11.9 | 0 | 0 | 0 | 0 | 21.0 | 30,640 |
| | 2008 | 44.8 | 0 | 0 | 0 | 0 | 2.5 | 52.7 | 73,399 |
| CT | 2003 | 62.8 | 31.3 | — | — | — | 5.9 | — | 25,489 |
| | 2008 | 59.5 | 37.3 | — | — | — | 3.3 | — | 36,205 |
| FL | 2003 | 44.1 | 55.9 | 0 | 0 | 0 | 0 | 0 | 4,909 |
| | 2008 | 51.4 | 44.0 | 0 | 0 | 0 | 4.6 | 0 | 3,273 |
| ID | 2003 | 73.4 | — | — | 26.0 | 0 | 0 | 0.6 | 5,889 |
| | 2008 | 43.2 | — | — | 43.5 | 0 | 6.9 | 6.5 | 14,079 |
| IL | 2003 | 77.2 | 20.6 | 0 | 0 | 0 | 0 | 2.2 | 95,167 |
| | 2008 | 73.3 | 12.9 | 0 | 12.5 | 0 | 0 | 1.3 | 154,297 |
| IN | 2003 | 39.2 | 60.7 | 0 | 0 | 0 | 0 | 0.1 | 129,245 |
| | 2008 | 53.3 | 11.1 | 0 | 33.5 | 0 | 1.8 | 0.4 | 94,616 |
| IA | 2003 | 27.5 | 72.3 | — | — | — | — | 0.2 | 4,135 |
| | 2008 | 57.1 | 38.8 | — | — | — | 2.6 | 1.4 | 27,031 |
| KS | 2003 | 76.0 | 23.3 | 0 | 0 | 0 | 0 | 0.6 | 13,049 |
| | 2008 | 49.5 | 43.7 | 0 | 0 | 0 | 4.2 | 2.6 | 23,754 |
| KY | 2003 | 23.9 | 21.6 | 0 | 0 | 0 | 0 | 54.4 | 40,249 |
| | 2008 | 42.1 | 21.2 | 0 | 0 | 0 | 2.7 | 34.1 | 60,431 |
| LA | 2003 | 50.6 | 31.4 | 4.2 | 11.6 | 0 | 0 | 2.3 | 17,219 |
| | 2008 | 48.7 | 10.6 | 3.6 | 12.9 | 0 | 5.6 | 18.6 | 15,512 |
| MD | 2003 | 0 | 0 | 72.3 | 0 | 0 | 0 | 27.7 | 1,723 |
| | 2008 | 31.4 | 0 | 61.6 | 0 | 0 | 1.1 | 5.9 | 133,878 |
| MN | 2003 | 50.7 | 48.9 | 0 | 0 | 0 | 0 | 0.3 | 184,128 |
| | 2008 | — | — | 0 | 0 | 0 | 74.0 | 26.0 | 4,651 |
| MS | 2003 | 75.1 | 24.1 | 0 | 0 | 0 | 0 | 0.8 | 21,623 |
| | 2008 | 63.8 | 29.5 | 0 | 0 | 0 | 3.2 | 3.5 | 28,573 |
| MO | 2003 | 77.2 | 22.7 | 0 | 0 | 0 | 0 | 0.1 | 15,809 |
| | 2008 | 82.1 | 12.6 | 0 | 0 | 0 | 3.6 | 1.6 | 25,848 |
| MT | 2003 | 65.6 | 31.6 | 0 | 0 | 0 | 2.0 | 0.8 | 16,756 |
| | 2008 | 65.0 | 29.7 | 0 | 0 | 3.3 | 0.6 | 1.3 | 25,035 |

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| HRP | Year | Percentage of total funding | | | | | | | Total funding for state HRP (in thousands) |
|-----|------|-----------------------------|-------------------------|-------------------|-----------------------|-------------------|-----------------------------|-------|--|
| | | Premiums | Assessments on carriers | Other assessments | State general revenue | State tobacco tax | Federal grants ^a | Other | |
| NE | 2003 | 64.7 | 0 | 0 | 0 | 0 | 0 | 35.3 | 48,900 |
| | 2008 | 52.6 | 0 | 0 | 0 | 0 | 2.0 | 45.4 | 58,781 |
| NH | 2003 | 10.2 | 88.4 | 0 | 0 | 0 | 0 | 1.4 | 4,794 |
| | 2008 | 46.1 | 47.4 | 0 | 0 | 0 | 4.5 | 2.0 | 13,298 |
| NM | 2003 | 50.6 | 49.1 | 0.1 | 0 | 0 | 0 | 0.2 | 11,144 |
| | 2008 | 23.7 | 74.1 | 0 | 0 | 0 | 1.4 | 0.8 | 66,210 |
| ND | 2003 | 66.9 | 33.1 | 0 | 0 | 0 | 0 | 0 | 9,050 |
| | 2008 | 62.7 | 33.9 | 0 | 0 | 0 | 3.4 | 0 | 11,797 |
| OK | 2003 | 56.1 | 43.9 | 0 | 0 | 0 | 0 | 0 | 27,759 |
| | 2008 | 59.8 | 40.2 | 0 | 0 | 0 | 0 | 0 | 25,202 |
| OR | 2003 | 60.0 | 38.5 | 0 | 0 | 0 | 0 | 1.5 | 66,864 |
| | 2008 | 48.9 | 47.2 | 0 | 0 | 0 | 1.5 | 2.4 | 167,452 |
| SC | 2003 | 81.4 | 18.5 | 0 | 0 | 0 | 0 | 0.1 | 16,929 |
| | 2008 | 84.5 | 14.1 | 0 | 0 | 0 | 0 | 1.3 | 29,719 |
| SD | 2003 | — | — | — | — | — | — | — | — |
| | 2008 | 70.3 | 14.5 | 0 | 11.9 | 0 | 0 | 3.3 | 5,930 |
| TN | 2003 | — | — | — | — | — | — | — | 0 |
| | 2008 | 26.4 | 0 | 0 | 72.5 | 0 | 1.1 | 0 | 30,255 |
| TX | 2003 | 63.8 | 36.0 | 0 | 0 | 0 | 0 | 0.2 | 191,662 |
| | 2008 | 70.5 | 27.7 | 0 | 0 | 0 | 1.3 | 0.6 | 276,262 |
| UT | 2003 | 74.4 | 0 | 0 | 23.3 | 0 | 0 | 2.2 | 12,498 |
| | 2008 | 55.6 | 0 | 0 | 34.9 | 0 | 4.9 | 4.7 | 30,982 |
| WA | 2003 | 41.3 | 58.7 | 0 | 0 | 0 | 0 | 0 | 31,065 |
| | 2008 | 30.9 | 66.0 | 0 | 0 | 0 | 2.6 | 0.5 | 61,664 |
| WV | 2003 | — | — | — | — | — | — | — | 0 |
| | 2008 | 60.1 | 0 | 35.3 | 0 | 0 | 0 | 4.6 | 5,862 |
| WI | 2003 | 51.4 | 20.1 | 20.3 | 7.9 | 0 | 0 | 0.3 | 129,118 |
| | 2008 | 52.5 | 23.1 | 23.5 | 0 | 0 | 0 | 0.8 | 169,766 |
| WY | 2003 | 66.9 | 30.8 | 0 | 0 | 0 | 0 | 2.3 | 4,869 |
| | 2008 | 62.8 | 18.8 | 0 | 15.3 | 0 | 0 | 3.1 | 6,377 |

Source: GAO data collection instrument administered to all 34 HRPs operational in 2008.

Legend: — = response not provided

^aFederal grants were awarded by the Centers for Medicare & Medicaid Services (CMS). Percentages are based on awards available but may not reflect funds actually drawn down in that year. For example, according to the Minnesota HRP, it was awarded \$1,984,248 in federal grants in 2003; however, these funds were not drawn down until 2004.

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Table 21: Total Federal HRP Grants Awarded, 2003-2008

| Type of federal grant | 2003 | 2004 | 2005 | 2006 | 2007^a | 2008 | Total |
|------------------------------|---------------------|---------------------|---------------------|---------------------|-------------------------|---------------------|----------------------|
| Operational | \$38,538,311 | \$40,164,646 | \$74,989,091 | \$50,000,001 | \$0 | 32,669,455 | \$236,361,504 |
| Bonus ^b | N/A | N/A | N/A | 25,000,000 | \$0 | 16,457,045 | 41,457,045 |
| Seed ^c | 4,202,618 | 0 | 0 | 2,450,000 | 1,450,000 | 0 | 8,102,618 |
| Total | \$42,740,929 | \$40,164,646 | \$74,989,091 | \$77,450,001 | \$1,450,000 | \$49,126,500 | \$285,921,167 |

Source: Centers for Medicare & Medicaid Services (CMS).

Legend: N/A = Not applicable

^aOnly seed grants were awarded in 2007.

^bBonus grants were not available prior to 2006.

^cSeed grants were awarded in 2003, 2006, and 2007.

Table 22: Cumulative Federal HRP Grants Awarded, by State HRP, 2003-2008

| HRP | Type of federal grant | | | Total federal grants |
|----------------------|-----------------------|-----------|-------------------|----------------------|
| | Operational | Bonus | Seed ^a | |
| Alabama | \$6,571,156 | \$500,000 | \$0 | \$7,071,156 |
| Alaska | 4,002,711 | 1,065,640 | 0 | 5,068,351 |
| Arkansas | 7,195,953 | 145,420 | 0 | 7,341,373 |
| California | 0 | 0 | 150,000 | 150,000 |
| Colorado | 12,288,357 | 2,084,917 | 0 | 14,373,274 |
| Connecticut | 6,828,693 | 1,125,000 | 0 | 7,953,693 |
| District of Columbia | 0 | 0 | 150,000 | 150,000 |
| Idaho | 2,520,108 | 350,000 | 0 | 2,870,108 |
| Illinois | 24,553,892 | 2,397,444 | 0 | 26,951,336 |
| Indiana | 12,597,329 | 1,442,000 | 0 | 14,039,329 |
| Iowa | 4,157,835 | 0 | 0 | 4,157,835 |
| Florida | 0 | 0 | 150,000 | 150,000 |
| Georgia | 0 | 0 | 150,000 | 150,000 |
| Kansas | 4,475,963 | 695,000 | 0 | 5,170,963 |
| Kentucky | 9,505,610 | 1,725,000 | 0 | 11,230,610 |
| Louisiana | 4,562,054 | 1,542,713 | 0 | 6,104,767 |
| Maryland | 9,421,081 | 2,025,000 | 1,000,000 | 12,446,081 |
| Massachusetts | 1,704,415 | 0 | 0 | 1,704,415 |
| Minnesota | 15,456,436 | 3,250,000 | 0 | 18,706,436 |
| Mississippi | 8,206,031 | 974,202 | 0 | 9,180,233 |
| Missouri | 4,735,438 | 1,550,000 | 0 | 6,285,438 |
| Montana | 4,860,622 | 1,104,875 | 0 | 5,965,497 |
| Nebraska | 5,911,145 | 1,327,816 | 0 | 7,238,961 |
| New Hampshire | 3,732,650 | 1,107,644 | 1,000,000 | 5,840,294 |
| New Mexico | 7,850,167 | 1,500,000 | 0 | 9,350,167 |
| New York | 0 | 0 | 150,000 | 150,000 |
| North Carolina | 0 | 0 | 1,000,000 | 1,000,000 |
| North Dakota | 2,894,342 | 178,440 | 0 | 3,072,782 |
| Ohio | 0 | 0 | 150,000 | 150,000 |
| Oklahoma | 10,282,089 | 1,525,000 | 0 | 11,807,089 |
| Oregon | 7,958,345 | 2,450,000 | 0 | 10,408,345 |
| Rhode Island | 0 | 0 | 150,000 | 150,000 |
| South Carolina | 4,128,780 | 1,250,000 | 0 | 5,378,780 |
| South Dakota | 2,384,720 | 521,451 | 1,000,000 | 3,906,171 |
| Tennessee | 0 | 0 | 1,000,000 | 1,000,000 |
| Texas | 21,023,993 | 3,620,691 | 0 | 24,644,684 |
| Utah | 5,769,821 | 1,825,000 | 52,618 | 7,647,439 |
| Vermont | 0 | 0 | 1,000,000 | 1,000,000 |
| Washington | 4,987,098 | 1,466,892 | 0 | 6,453,990 |
| West Virginia | 0 | 0 | 1,000,000 | 1,000,000 |
| Wisconsin | 13,400,216 | 2,706,900 | 0 | 16,107,116 |

Enclosure III

| HRP | Type of federal grant | | | Total federal grants |
|--------------|-----------------------|---------------------|--------------------|----------------------|
| | Operational | Bonus | Seed ^a | |
| Wyoming | 2,394,454 | 0 | 0 | 2,394,454 |
| Total | \$236,361,504 | \$41,457,045 | \$8,102,618 | \$285,921,167 |

Source: GAO analysis of Centers for Medicare & Medicaid Services (CMS) data.

^aCertain operating HRPs were awarded seed grants. For example, Utah’s HRP, which became operational in 1991, was awarded a seed grant in 2003 for program modification.

Table 23: Use of Federal HRP Operational and Bonus Grants Awarded in 2006

| Grant use | 2006 Grants | | | | Total | Percentage of total operational and bonus federal grants |
|---|----------------|---------------------|----------------|---------------------|---------------------|--|
| | Operational | | Bonus | | | |
| | Number of HRPs | Amount | Number of HRPs | Amount | | |
| Covering operational losses | 30 | \$41,300,050 | N/A | N/A | \$41,300,050 | 55.1 |
| Reducing premiums ^a | 5 | 6,027,017 | 7 | 6,575,952 | 12,602,969 | 16.8 |
| Income-based premium subsidy ^{b,c} | 1 | 2,672,935 | 6 | 7,550,000 | 10,222,935 | 13.6 |
| Reduction in cost sharing | N/A | N/A | 1 | 1,500,000 | 1,500,000 | 2.0 |
| Disease management ^c | N/A | N/A | 9 | 5,015,126 | 5,015,126 | 6.7 |
| Other ^{c,d} | N/A | N/A | 7 | 4,358,923 | 4,358,923 | 5.8 |
| Totals^e | | \$50,000,000 | | \$25,000,000 | \$75,000,000 | |

Source: GAO analysis of Centers for Medicare & Medicaid Services (CMS) data.

Legend: N/A = Not applicable

HRPs may use a certain type of grant for more than one purpose. For example, an HRP that was awarded a bonus grant may use it to reduce premiums and to expand disease management programs.

^aAccording to CMS, five states—Louisiana, Missouri, South Carolina, Texas, and Wyoming—had a standard market rate for individual coverage (SRR) over 150 percent; therefore, they were required to spend 50 percent of their operational grant to reduce premiums.

^bWisconsin spent all of its operational grants on income-based subsidies.

^cOklahoma and Montana spent \$1 million and \$729,875 respectively on premium subsidies and disease management programs. Because we could not obtain dollar amounts separately for these two grant uses, we included them in the “other” category.

^dOther uses include increased benefit coverage, marketing, and outreach, among others.

^eTotals may not add due to rounding.

Table 24: Use of Federal HRP Operational and Bonus Grants, Awarded in 2006, by State HRP

| HRP | Grant uses | | | | | |
|------------------------|-----------------------------|-------------------|------------------------------|---------------------------|--------------------|--------------------|
| | Covering operational losses | Premium reduction | Income-based premium subsidy | Reduction in cost sharing | Disease management | Other ^a |
| Alabama | • | | | | | |
| Alaska | • | | | | | • |
| Arkansas | • | | | | • | |
| Colorado | • | | | | • | |
| Connecticut | • | • | | | | |
| Idaho | • | | | | | |
| Illinois | • | • | | | | |
| Indiana | • | | • | | • | |
| Iowa | • | | | | | |
| Kansas | • | | | | • | |
| Kentucky | • | | | | • | |
| Louisiana | • | • | | | • | • |
| Maryland | • | | • | | | |
| Massachusetts | • | | | | | |
| Minnesota | • | | • | | | |
| Mississippi | • | | | | • | |
| Missouri | • | | • | | | |
| Montana | • | | | | • | • |
| Nebraska | • | | | | • | |
| New Hampshire | • | • | | | • | • |
| New Mexico | • | | | | | • |
| North Dakota | • | | | | | |
| Oklahoma | • | | | | • | • |
| Oregon | • | | | • | | |
| South Carolina | • | • | | | | |
| South Dakota | • | | | | | • |
| Texas | • | • | | | | |
| Utah | • | | • | | | |
| Washington | • | • | | | | |
| Wisconsin ^b | | | • | | | |
| Wyoming | • | | | | | |
| Total | 30 | 7 | 6 | 1 | 11 | 7 |

Source: GAO analysis of Centers for Medicare & Medicaid Services (CMS) data.

Legend: • = grant use

Note: HRPs may use a certain type of grant for more than one purpose. For example, an HRP that was awarded a bonus grant may use it to reduce premiums and to expand disease management programs.

^aOther uses included increased benefit coverage, marketing, and outreach, among others.

^bWisconsin spent all of its operational grants on income-based subsidies.

Table 25: Planned Use of Federal Operational and Bonus HRP Grants Awarded in 2008, by State HRP

| HRP | Grant uses | | | | | |
|------------------------|-----------------------------|-------------------|------------------------------|---------------------------|--------------------|----------|
| | Covering operational losses | Reducing premiums | Income-based premium subsidy | Reduction in cost sharing | Disease management | Other |
| Alabama | • | • | • | | | |
| Alaska | • | | | | | • |
| Arkansas | • | | | | • | |
| Colorado | • | | | | • | |
| Connecticut | • | | | | | • |
| Idaho | • | | | | | • |
| Illinois | • | • | | | | |
| Indiana ^a | • | | • | | | |
| Iowa | • | | | | | |
| Kansas | • | | | | • | • |
| Kentucky | • | | | | • | |
| Louisiana | • | • | | | • | • |
| Maryland | • | | • | | | |
| Minnesota | • | | • | | | |
| Mississippi | • | | | | • | |
| Missouri | • | | • | | | |
| Montana | • | | • | | • | |
| Nebraska | • | | | | • | |
| New Hampshire | • | • | • | | • | • |
| New Mexico | • | | • | | | |
| North Dakota | • | | | | • | |
| Oklahoma | • | • | | | | |
| Oregon | • | | | • | • | |
| South Carolina | • | • | | | | |
| South Dakota | • | | | | | • |
| Texas | • | • | | | | |
| Utah | • | | • | | | |
| Washington | • | • | | | • | |
| Wisconsin ^b | | • | • | | • | |
| Wyoming | • | • | | | | |
| Total | 29 | 10 | 10 | 1 | 13 | 7 |

Source: GAO analysis of Centers for Medicare & Medicaid Services (CMS) data.

Legend: • = grant use

^aAccording to an Indiana HRP official, Indiana also used 2008 grant funds to reduce premiums and for disease management.

^bWisconsin planned to spend its operational grant on premium reduction.

Comments from the Department of Health and Human Services



DEPARTMENT OF HEALTH & HUMAN SERVICES

OFFICE OF THE SECRETARY

Assistant Secretary for Legislation
Washington, DC 20201

JUN 26 2009

John E. Dicken
Director, Health Care
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Mr. Dicken:

Enclosed are the Department's comments on the U.S. Government Accountability Office's draft report entitled, "Health Insurance: Enrollment, Benefits, Funding, and Other Characteristics of State High-Risk Health Insurance Pools" (GAO-09-730R).

The Department appreciates the opportunity to comment on this draft report before its publication.

Sincerely,

A handwritten signature in cursive script that reads "Barbara Pisaro Clark".

Barbara Pisaro Clark
Acting Assistant Secretary for Legislation

Enclosure

COMMENTS OF THE US DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS) TO THE GOVERNMENT ACCOUNTABILITY OFFICE'S (GAO) DRAFT REPORT ENTITLED, "HEALTH INSURANCE: ENROLLMENT, BENEFITS, FUNDING, AND OTHER CHARACTERISTICS OF STATE HIGH-RISK HEALTH INSURANCE POOLS" (GAO-09-730R)

The report contains a wealth of valuable information on State High-Risk Health Insurance Pools. We note, that although 2008 data was not available for use in this report, the survey recently switched from asking questions retrospectively to asking current questions about insurance benefits. Thus, the MEPS also has an employer-level survey with information on insurance benefits and more current data will be available in the future for further research.

Enclosure V

GAO Contact and Staff Acknowledgements

GAO Contact

John E. Dicken, Director, Health Care
(202) 512-7114 or dickenj@gao.gov

Acknowledgements

In addition to the contact named above, Randy Dirosa (Assistant Director), Nick Bartine, Laura Brogan, Jawaria Gilani, Shirin Hormozi, Martha Kelly, and Pauline Seretakis were major contributors to this report.

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