

FOR IMMEDIATE RELEASE  
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## **Governor Rell Tells Federal Government State Will Create Temporary High Risk Pool**

*Decision Made After Revised Premiums  
Come in 35 Percent Below Original Rates*

Governor M. Jodi Rell today announced that she has officially informed the federal government that Connecticut will sign an agreement to create a federally funded, state-administered program providing health insurance to people with pre-existing conditions who have been without such coverage for at least six months. The state will begin taking applications by August 1 and applicants could be covered as early September 1.

Governor Rell made the notification two weeks after putting a halt to the process of a Temporary High Risk Pool because she believed the premiums were unaffordable. She asked the state Departments of Social Services and Insurance and the Office of Health Care Access to work with the federal government on alternatives to lower premiums paid by individuals.

The agencies developed a new methodology that resulted in average premium reductions of 35 percent from that initial proposal. The original premiums for Connecticut ranged from \$436 per month for adults younger than 30 to \$1,365 for those 65 and older. The revised rates range from \$285 per month for adults under 30 to \$893 for those 65 and older.

“The first rate proposal was simply unaffordable,” Governor Rell said. “It would have created a program in name only – one with no members because no one could have afforded to participate. Instead of accepting these rates we took the two weeks we needed to develop a workable and affordable plan for people who desperately need this coverage. The new and much lower rates are clearly worth the wait.

“I believe the contrast in rates represents the difference between a program that was out of reach for those who needed it most and one that will truly meet a need,” the Governor said. “Along with the Charter Oak Health Plan I developed,

Connecticut is leading the nation in providing coverage to those who do not have it or cannot find it.”

The state will use \$50 million allocated to Connecticut under the federal health care reform bill for the Temporary High Risk Pool health coverage program rather than reverting to a federally administered plan.

Governor Rell debuted the Charter Oak plan two years ago to provide affordable coverage to adults. More than 12,300 people are covered by Charter and another 7,000 are currently eligible to enroll. The current Charter Oak premium is \$307 for all age and income groups.

Applications for the Temporary High Risk pool will be available August 1. For applications and more information on Charter Oak, see: [www.charteroakhealthplan.com](http://www.charteroakhealthplan.com) or call (877) 77CTOAK.

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### **Additional information about Connecticut’s successful efforts to Lower premium costs for Temporary High-Risk Pool Program**

*[Compiled by CT Department of Social Services, July 20, 2010]*

- **Following Governor M. Jodi Rell’s direction to do everything possible to lower costs for Connecticut’s uninsured residents**, the Departments of Social Services and Insurance and the Office of Health Care Access (Department of Public Health) engaged the U.S. Department of Health & Human Services in a discussion about alternative rate-setting methods that would better serve the state.
- In the process, **Connecticut provided justification to DHHS to establish rates based on a new approach--a discounted small group standard.** On July 15 and 16, DHHS approved our proposed methodology and resulting rates, respectively, concluding discussions in a conference call with Dr. Mark Schaefer, DSS medical care administration director, late Friday, July 16. **With this approval, we are able to meet the Governor’s goal and direction of building in a more accessible premium rate structure.**
- The initial premium range put forward by the state’s actuarial consultant was \$436 per month for adults under age 30 to \$1,365 for adults 65 and older. As the Governor’s news release noted, **the revised rates approved by DHHS on July 16 range from \$285 per month for adults under age 30 to \$893 for adults 65 and older:**

**CT Temporary High-Risk Pool Program  
Monthly premium rates by age group**

Child	\$	242.66
Under 30	\$	285.16
30-34	\$	315.10
35-39	\$	323.81
40-44	\$	358.71
45-49	\$	413.32
50-54	\$	507.08
55-59	\$	627.78
60-64	\$	776.52
65+	\$	893.00

- **This discounted small group standard rate-setting methodology equates to a reduction of 35% across all age bands in comparison to the initially proposed rates.** (Rates in all high-risk pool programs, whether state- or federally-administered, are based on age range, and not income.)
- **Lower annual deductible:** In the Connecticut-administered program, the annual deductible for each member will be \$1,250 (as opposed to \$2,500 in a federally-administered program).
- **Applications beginning August 1:** Connecticut's new federally-subsidized Temporary High-Risk Pool program will have applications available beginning August 1, 2010. Coverage for earliest applicants can begin September 1, 2010.
- **The DSS health coverage enrollment contractor (ACS Inc.) will handle applications to the Temporary High-Risk Pool program, in addition to receiving applications for HUSKY and Charter Oak.** This will enhance coordination and customer service by helping connect applicants to the right health coverage program (reflecting the upcoming Health Insurance Exchange process in the Affordable Care Act).
- **ACS will be in a position to match people to the program that best meets their needs.** ACS will, for example, help applicants navigate the differences between the Temporary High-Risk Pool program and the Charter Oak Health Plan. Both programs accept applicants with pre-existing conditions. However, a main difference of the Temporary High-Risk Pool program will be unlimited pharmacy and medical benefits, as opposed to annual and lifetime maximum caps. On the other hand, the Temporary High-Risk Pool has an absolute six-month waiting period, with no exceptions, between the time a person has active health coverage and is

accepted into the program. Charter Oak – while also featuring a six-month waiting period – has a list of exceptions to the general rule, including financial hardship. Also, the Temporary High-Risk Pool program will accept only people with pre-existing medical conditions, while the Charter Oak accepts applicants regardless of whether they have a pre-existing condition.

- The new program will be administered by the Health Reinsurance Association under contract with DSS, with benefits coordinated by UnitedHealthcare.

**In summary:**

- **Governor M. Jodi Rell has announced that Connecticut will have a state-administered, federally-funded Temporary High-Risk Pool program with significantly lower premiums than originally proposed.** For the first time, the federal government will provide funding to make health care available to adults of all incomes with pre-existing medical conditions.
- **Governor Rell formally notified Health & Human Services Secretary Kathleen Sebelius that “Connecticut will enter into a contract with the Department of Health and Human Services to operate a federally-subsidized Temporary High-Risk Pool Program, as provided for in the Patient Protection and Affordable Care Act...This state-operated program will be responsive to Connecticut residents and well-coordinated with other existing coverage options available through our Department of Social Services. We appreciate DHHS’s recent approval of the methodology for Connecticut’s revised, lower premium rates, which I believe will be within the reach of many residents with pre-existing conditions.”**
- **A state-operated high-risk program will be more responsive to Connecticut residents and better coordinated with other existing coverage options available through the Department of Social Services.** Moreover, the lower premium rates will be within the reach of many Connecticut residents with pre-existing conditions and, on the whole, will result in higher enrollment than the federally-operated alternative.
- In the meantime and on a continuing basis, residents have option of enrolling in the state-funded **Charter Oak Health Plan for coverage without regard to pre-existing conditions.**
- Further information about application availability and the application process will be announced shortly.