

High-Risk Pools: Policy Goals and Evidence



Building a People-Centered Health System



Goal

Trinity Health is committed to public policies that support better health, better care and lower costs to ensure affordable, high-quality, people-centered care for all. As Trinity Health assesses key components of Affordable Care Act (ACA) replacement proposals, it is important to review the pros and cons associated with each proposal and to evaluate the impact on coverage and access to affordable, high-quality, people-centered care.

Background & Purpose

High-risk pools have traditionally been used to provide coverage to individuals unable to purchase non-group insurance due to pre-existing or high-cost conditions since 1976. In 2008, 35 states operated high-risk pools, covering about 200,000 individuals. The ACA also established temporary high-risk pools – Pre-Existing Condition Insurance Plans (PCIPs) – before the coverage expansion went into effect in 2014. Currently, several ACA repeal and replace plans include high-risk pools to cover those with pre-existing or high-cost conditions. The table below provides the “pros” and “cons” of high-risk pools. This information is based on available research and evidence assessing impact, feasibility and success.

Reinsurance as an Alternative to High-Risk Pools¹

High-risk pools are being offered as a solution to cover individuals with pre-existing and high-cost conditions. However, reinsurance can be a cost-effective mechanism for accomplishing similar objectives.

Reinsurance: Premium stabilization program that transfer funds to insurers to offset the costs of high-cost enrollees. Reinsurance has been used in Medicare Part D and the ACA.

Costs: High-risk pools – if adequately funded – are estimated to cost \$25-100 billion per year. The cost of a national reinsurance program is estimated to be \$10 billion per year.

Policy	Pros ²	Cons ³
Create high-risk pools to provide coverage to high-cost individuals	<ul style="list-style-type: none"> Removing the highest cost individuals from the individual market can lower costs for healthy individuals. Can improve access to coverage for those with pre-existing conditions if current insurance market reforms are weakened. 	<ul style="list-style-type: none"> Costs to enrollees and government have historically been very high. Pools have been administratively burdensome and expensive to operate for states. Access to the pools has been limited due to enrollment caps and insufficient funds.
<p>Overall Takeaway – High-risk pools have had limited success in ensuring access to those with pre-existing conditions, and have also been financially prohibitive to enrollees and states.</p> <p>Trinity Health Supports policies that promote affordable coverage that incentivizes people to purchase insurance and responsibly use health care services.</p>		
<p>Supporting Research: 1. What's the Difference Between Reinsurance and a High-Risk Pool? Two approaches to Insuring those with pre-existing conditions. (2017), CHIR. 2. High-Risk Pools For Uninsurable Individuals (2017), Kaiser Family Foundation. Cost And Coverage: Implications Of The McCain Plan To Restructure Health Insurance (2008), Health Affairs. The Partisan Divide — The McCain and Obama Plans for U.S. Health Care Reform (2008), NEJM. 3. High-Risk Pools For Uninsurable Individuals (2017), Kaiser Family Foundation. Why a National High-Risk Insurance Pool Is Not a Workable Alternative to the Marketplace (Issue Brief) (2014), The Commonwealth Fund. Why High-Risk Pools Still Won't Work (Blog) (2015), The Commonwealth Fund (2001).</p>		

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Mission: We, Trinity Health, serve together in the spirit of the Gospel as a compassionate and transforming healing presence within our communities.

Core Values: Reverence • Commitment to Those Who Are Poor • Justice • Stewardship • Integrity

