

News Release

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Contact: HHS Press Office
(202) 690-6343

HHS to Reduce Premiums, Make it Easier for Americans with Pre-Existing Conditions to Get Health Insurance

The U.S. Department of Health and Human Services (HHS) today announced new steps to reduce premiums and make it easier for Americans to enroll in the Pre-Existing Condition Insurance Plan. Premiums for the Federally-administered Pre-Existing Condition Insurance Plan (PCIP) will drop as much as 40 percent in 18 States, and eligibility standards will be eased in 23 States and the District of Columbia to ensure more Americans with pre-existing conditions have access to affordable health insurance. The Pre-Existing Condition Insurance Plan was created under the Affordable Care Act and serves as a bridge to 2014 when insurers will no longer be allowed to deny coverage to people with any pre-existing condition, like cancer, diabetes, and asthma.

“The Pre-Existing Condition Insurance Plan changes lives, and in many cases, literally saves lives,” said HHS Secretary Kathleen Sebelius. “These changes will decrease costs and help insure more Americans.”

In 23 States and the District of Columbia, the PCIP program is Federally-administered. The remaining States operate their own PCIP programs using Federal funds provided by the Affordable Care Act.

Under the changes announced today, PCIP premiums will drop as much as 40 percent in 18 States where the Federally administered PCIP operates. These premium decreases help bring PCIP premiums closer to the rates in each State’s individual insurance market; in the six States where PCIP premiums were already well-aligned with State premiums, premiums will remain the same.

The changes announced today will make enrolling in the Federally-administered PCIP in 23 States and the District of Columbia easier. Starting July 1, 2011, people applying for coverage can simply provide a letter from a doctor, physician assistant, or nurse practitioner dated within the past 12 months stating that they have or, at any time in the past, had a medical condition, disability, or illness. Applicants will no longer have to wait on an insurance company to send them a denial letter. This option became available to children under age 19 in February, and this pathway is being extended to all applicants regardless of age. Applicants will still need to meet other eligibility criteria, including that they are U.S. citizens or residing in the U.S. legally and that they have been without health coverage for six months.

HHS also sent letters today to the 27 States running their own programs to inform them of the opportunity to modify their current PCIP premiums.

To further enhance the program, beginning this fall, HHS will begin paying agents and brokers for successfully connecting eligible people with the PCIP program. This step will help reach those who are eligible but un-enrolled. Several States have experimented with such payments with good

success. This is a part of continuing HHS outreach efforts with States, insurers, providers, and agents and brokers to reach more eligible people and let them know that coverage is available. HHS is also working with insurers to notify people about the PCIP option in their State when their application for health insurance is denied.

Congress created the temporary PCIP program as part of the Affordable Care Act to help uninsured Americans with a variety of medical conditions get affordable coverage rather than be locked out of the system by insurance companies. In 2014 and beyond, insurers will be prohibited from denying coverage to anyone with a pre-existing condition and new competitive marketplaces called Health Insurance Exchanges will give people the opportunity to shop for the policy that best suits their needs. Millions of Americans also will receive tax credits to help make coverage affordable.

Enrollment in PCIP programs has begun to grow rapidly. In the period between November 2010 and March 2011, enrollment in all programs rose 129 percent to more than 18,000 Americans enrolled in PCIP.

“These changes will get more people covered,” said Steven Larsen, the Director of the Center for Consumer Information and Insurance Oversight. “We’re encouraged by recent increases in enrollment and we’re excited to build on these efforts and reach even more people.”

PCIP provides comprehensive health coverage, including primary and specialty care, hospital care, prescription drugs, home health and hospice care, skilled nursing care and preventive health and maternity care. It limits annual out-of-pocket spending and does not carve out benefits the people need. Eligibility is not based on income and people who enroll are not charged a higher premium because of their medical condition.

To find a chart showing changes to PCIP premiums in the States with Federally-administered PCIP programs, visit www.HealthCare.gov/news/factsheets/pcip05312011a.html.

For more information, including eligibility, plan benefits and rates, as well as information on how to apply, visit www.pcip.gov and click on “Find Your State.” Then select your State from a map of the United States or from the drop-down menu. The PCIP Call Center is open from 8 a.m. to 11 p.m. Eastern Time. Call toll-free 1-866-717-5826 (TTY 1-866-561-1604).

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