



THE COMMITTEE ON ENERGY AND COMMERCE

MEMORANDUM

April 1, 2013

To: Health Subcommittee

From: Energy and Commerce Committee Majority Staff

Re: Hearing entitled "Protecting America's Sick and Chronically Ill"

On Wednesday, April 3, 2013, at 1:00 p.m., in 2322 Rayburn House Office Building, the Subcommittee on Health will hold a hearing entitled "Protecting America's Sick and Chronically Ill." This hearing will examine the problems with the Patient Protection and Affordable Care Act's (PPACA) Pre-Existing Condition Insurance Plan (PCIP) and explore ways to help Americans with pre-existing conditions obtain affordable health coverage. The following memorandum provides background on the witnesses and PCIP.

I. WITNESSES

The Honorable Mary Taylor
Lieutenant Governor
State of Ohio

Thomas P. Miller
Resident Fellow
American Enterprise Institute

Susan M. Zurface
on behalf of the Leukemia & Lymphoma Society

Ron Pollack
Executive Director
Families USA

Sara Collins
Vice President
The Commonwealth Fund

II. PCIP

Section 1101 of the PPACA established a \$5 billion program to provide health coverage for individuals with pre-existing conditions, otherwise known as PCIP. Under PCIP, those meeting the following requirements should be eligible for coverage under the program:

- have been uninsured for at least six months;
- have a pre-existing condition or have been denied health coverage because of a health condition; and,
- are U.S. citizens or reside here legally.

The PPACA created the new pre-existing condition program despite existing State efforts to cover Americans with pre-existing conditions. Before passage of PPACA, 35 States covered roughly 200,000 sick or chronically ill Americans through State-based high-risk pools.¹ These pools provide assistance to sick Americans by reducing the cost of coverage for those who have financial difficulty purchasing insurance because of a medical condition.

The PCIP places requirements on States that in many ways conflict with their existing pools. For example, PCIP and its implementing regulations include requirements related to eligibility, coverage exclusions, premium rate setting, actuarial value, and cost-sharing that differ from typical State-based pools.² During consideration of PPACA, House Republicans proposed appropriating \$25 billion in funding to strengthen and build upon State efforts to provide affordable coverage options to those with pre-existing conditions.³

Shortly after passage of PPACA, the Chief Actuary for the Centers for Medicare and Medicaid Services (CMS) estimated that the creation of PCIP would result in roughly 375,000 people gaining coverage in 2010.⁴ However, only 107,139 individuals were enrolled in the program as of January 1, 2013.⁵

On February 15, 2013, CMS announced to States that the agency was suspending enrollment in PCIP. This program was intended to help individuals with pre-existing conditions through January 1, 2014. Despite lower than expected enrollment, CMS announced that it will no longer enroll new individuals in the program and that it will bar States from accepting new applications because of financial constraints. According to a report from the *Washington Post*, “tens of thousands of Americans who cannot get health insurance because of preexisting medical problems will be blocked from [the] program designed to help them....”⁶

III. Staff Contacts

Should you have any questions regarding this hearing, please contact Paul Edattel or Katie Novaria at (202) 225-2927.

¹ [Miller and Capretta. *How To Cover Pre-existing Conditions* \(Summer 2010\).](#)

² [Ibid.](#)

³ [H.R. 4038 introduced in the 111th Congress. “*Common Sense Health Care Reform and Accountability Act.*” \(November 6, 2009\).](#)

⁴ [Centers for Medicare and Medicaid Services. *Estimated Financial Effects of the “Patient Protection and Affordable Care Act,” as Amended* \(April 22, 2010\).](#)

⁵ [Centers for Medicare and Medicaid Services. *State Enrollment in the Pre-Existing Condition Insurance Plan* \(January 31, 2013\).](#)

⁶ [Washington Post. *Funds Run Low for Health Insurance in State “High-risk Pools.”* \(February 15, 2013\).](#)