

LifeHealthPro

# CCIIO to state PCIPs: Take our deal or shut down

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MAY 9, 2013 •

States have until Friday -- May 10 -- to decide whether they want to keep their state-run Pre-existing Condition Insurance Plan (PCIP) programs running or kill the programs and put the enrollees in the hands of the federal PCIP system.

Officials at the Center for Consumer Information and Insurance Oversight (CCIIO), the agency that oversees both the state and the federal PCIP programs, talk about the changes in a new PCIP state contract fact sheet.

CCIIO -- pronounced "Sih-Sigh-Oh" -- is an arm of the Centers for Medicare & Medicaid Services (CMS), which is, in turn, an arm of the U.S. Department of Health and Human Services (HHS).

CCIIO is asking states to accept new contract terms or shut down their PCIP programs because Congress provided only \$5 billion in PCIP funding in the Patient Protection and Affordable Care Act of 2010 (PPACA), and "CMS must operate the program within the fixed \$5 billion PCIP program appropriation," officials said.

If a state kills its PCIP program, the federal PCIP program will continue coverage for the enrollees, officials said.

"Enrollees will not experience any break in their health coverage," officials said.

PCIP -- pronounced "P sip" -- provides major medical coverage for people with serious health problems at prices comparable to the rates healthy people pay for commercial coverage.

When Congress drafted PPACA, it created PCIP as a temporary relief measure, with the understanding that the sick people in the program would be able to get ordinary commercial coverage in January 2014, when new PPACA restrictions on medical underwriting are set to take effect.

Some states chose to run their own PCIP programs. Others let CCIIO provide PCIP programs for their residents through a contract with the **Government Employees Health Association (GEHA)**, a self-insured, not-for-profit association that provides health and dental coverage for about 1 million federal employees, federal retirees and federal dependents.

Enrollment in PCIP has been much lower than expected, but the average enrollee has been filing about \$30,000 per year in claims, and the \$5 billion in initial funding is running out.

CCIIO stopped accepting new federal PCIP enrollees in February and required state PCIP programs to stop taking new enrollees in March. In April, the Associated Press reported that CCIIO has asked the states with state-run PCIP programs to help stretch program funding by making up the difference between what CCIIO can pay and the actual cost of the covered claims.

In the new fact sheet, CCIIO officials said the period for the revised contract for state-based PCIPs will run from June 2013 through December 2013.

CMS wants the state-based PCIPs to "work within a fixed contract amount for the remaining seven months of the program," officials said. "

Up till now, PCIPs with cost overruns could ask CMS for more money, officials said.

Using the new, fixed-amount approach for the last seven months that the program is in effect "will give state PCIPs and CMS certainty about the funding available to administer their programs," officials said. "State PCIPs will have authority to make changes necessary to remain within the funding ceiling."

A state can propose a fixed contract amount that would "reasonable approximately their claims liability during these last seven months," officials said.