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HHS: 18 states to drop PCIP programs

By Ann Sanner
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COLUMBUS, Ohio (AP) — Eighteen states have decided to turn their state **Pre-existing Condition Insurance Plan (PCIP) programs** over to the U.S. Department of Health and Human Services (HHS), HHS officials said Tuesday.
HHS officials have asked states with state-based PCIP programs to accept a fixed, lower-than-expected budget allocation for the rest of the year or else **shut down the state-based programs** and put the enrollees in the federal PCIP program.
PCIP program managers in nine states seem to be inclined to accept the new HHS PCIP contract terms.

PCIP continues to provide important coverage to those with few alternatives, an HHS spokesman said Tuesday in comments about the program changes.

"These actions will help ensure the program's smooth transition to 2014, when the new market reforms will be implemented and insurance companies will no longer be able to deny coverage because of pre-existing conditions," said agency spokesman Fabien Levy.

An industry group, the National Association of State Comprehensive Health Insurance Plans, said in a letter to HHS that it fears "catastrophic disruption of coverage" for PCIP program enrollees.

Officials in Ohio, one of the states that will be putting enrollees in a state-based PCIP program in the federal program, estimated that HHS had offered it about $12 million less funding that their program needs to maintain current benefit levels.

Mary Taylor, the Ohio insurance commissioner, wrote in a letter to HHS Secretary Kathleen Sebelius that she has concerns about the effects of the changes on the quality of coverage **as well as state finances.** "Changes to benefits, treatment plans, deductibles, access to provider networks, and a potential lapse in coverage later in 2013 could harm consumers relying on the high-risk pool for their health care needs," Taylor wrote.

PCIP (pronounced "P-sip") is part of the **Patient Protection and Affordable Care Act of 2010 (PPACA).** The program provides subsidized health insurance for uninsured people who are not healthy enough to qualify for conventional, medically underwritten coverage. Many of the enrollees have conditions such as cancer or severe heart disease.
Enrollees pay premiums comparable to the premiums that healthy people pay for individual coverage in the commercial coverage.

The program was supposed to be temporary patch that would expire in 2014, when PPACA will require insurers to accept all applicants, regardless of medical history. PPACA capped spending on the program nationally at $5 billion.

HHS let states choose whether to run their own state-based PCIP programs or let HHS provide PCIP programs for their residents.

States and local nonprofits have been running PCIP programs in 27 states, and HHS has been providing PCIP coverage in the other states.
About 100,000 people now participate in the program nationwide.

Enrollment has been much lower than originally predicted, but PCIP managers say the enrollees' claims have turned out to be far higher than expected. The original funding is running out, and Congress has refused to provide more cash.

HHS officials have said that they have been taking a number of painful measures, such as reducing PCIP provider reimbursement levels to just 100 percent of the Medicare rate and requiring enrollees to switch provider networks, to make PCIP funding last until the end of the year.

Last month, the Obama administration officials told states with state-based PCIP programs that a state would have to accept the new HHS contract terms or let HHS take over its PCIP program for the rest of this year.

At the National Association of State Comprehensive Health Insurance Plans, Michael Keough, the association's chairman, said in an interview that the shift into to a federally operated program could be felt differently by patients in different states.

"We're in a wait-and-see mode," Keough said.

Keough runs North Carolina's program, which offers four benefit plan designs to its 6,000 PCIP enrollees. The federal government offers one benefit plan design, so changes in out-of-pocket costs for those making the switch could vary, he said.

Allison Bell and Associated Press writer Ricardo Alonso-Zaldivar in Washington contributed