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HEALTH CARE REFORM

Pawlenty opts out of federal, high-risk insurance pool

by Elizabeth Stawicki, Minnesota Public Radio
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St. Paul, Minn. — Gov. Tim Pawlenty says Minnesota will opt out of running one of the first programs to take effect under the new federal health care law.

The law creates federal, high-risk insurance pools in individual states beginning July 1. The pools will cover people whose insurance companies have rejected for pre-existing conditions.

Minnesota already has a high-risk pool, but the premiums in the federal program are expected to cost consumers less.

The federal government asked states to decide by today whether they would be interested in running federal high risk pools. Governors had options ranging from starting a new one, having a federal pool operating along side the state's, or just opting out completely.

In a letter to Health and Human Services Secretary Kathleen Sibelius, Pawlenty said Minnesota wasn't interested in running a high-risk federal program in the state.

"We already have one in Minnesota," Pawlenty told MPR News. "It works well and we don't want to join theirs because they're not funding it and we don't think it'll be as good as Minnesota's. Plus we don't like the federal government overreach on it."

The law appropriated \$5 billion for the pools until 2014 when they'd be replaced by an insurance exchange which would allow consumers to shop for insurance among private insurers.

In his letter, Pawlenty noted the head actuary of the centers for Medicaid and Medicare expects the money would run out between 2011 and 2012.

Minnesota's share of that money was estimated at about \$68 million.

The Legislature created the state's high risk pool -- the Minnesota Comprehensive Health Association -- about 35 years ago. It's funded through premiums and a fee on health insurers that do business in the state.

MCHA's executive director Lynn Gruber says board members were worried that if MCHA became intertwined with the federal government's pool, that it would have to help pay for the federal program.

"That was our board's major, major issue -- the program is not funded properly, you won't be able to do a good job, you'll only be able to reach one or two-thousand people," Gruber said.

AUDIO

Pawlenty opts out of federal, high-risk insurance pool (feature audio)

HEALTH CARE REFORM

It's been a rollercoaster year for health care reform; stories of hot congressional debates and angry protests swept the media in the months leading up to President Obama's historic signing of the approved health care bill. With the reform becoming law comes a host of questions: How can we better understand our new health care plan? How will we be affected by changes to our health insurance? What are the most important things to know about the health care law? Marketplace continues to follow the story.

More in Health care reform



University of Minnesota health care management and policy professor Lynn Blewett said \$5 billion sounds like a lot of money, but not when you have to spread it over 50 states for 3 1/2 years.

"In 2007, the total cost of the 34 state risk pools was \$2.1 billion," Blewett said. "That's not to say they might not do it but it just doesn't seem like there's enough money to be appropriated to do that."

Minnesota's opting out of running a federal high-risk pool doesn't mean there won't be a federal high risk pool in the state, only that Minnesota won't run it. In a letter to governors earlier this month, Secretary Sibelius said that if a state chose to "do nothing," Health and Human Services would carry out a coverage program in the state.

Minnesota is one of the better states for its low rate of uninsured, about 10 percent, but it achieves that rate with an uneven patchwork of programs.

While Minnesota's gaps might be slimmer than other states, they still exist.

The non-profit Portico HealthNet is on the front lines of people seeking access to health care. It's a two-fold enterprise that partners with 14 metro hospitals to provide preventive and primary care for a minimal fee. It's not insurance. Its other mission is to help people wade through government red tape to get on other programs such as medical assistance, private insurance, or Minnesota's high-risk pool.

Portico's Stephanie Stull says there are gaps in coverage that the federal pool might help address. She says the calls keep coming, particularly from people who've lost their jobs:

"Now it's starting to be losing their COBRA coverage after they've been enrolled for 18 months after being laid off now they're starting to lose their COBRA coverage," Stull said. "I think a lot of times they don't realize that they look like their neighbor or your teacher or your adult son whatever the case may be. It's all over the board."

The federal, high-risk pool in the state is expected to operate in addition to Minnesota's high-risk pool, but the premiums are expected to be about 20 percent lower than the state's.

The twist is that to be eligible for the federal pool, a person who has pre-existing conditions must have gone without any insurance for at least six months.

That includes Minnesota's high risk pool, so people in the state program won't be able to just switch to the federal program without a wait.

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