

# News Release

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## **HHS Secretary Sebelius Announces New Pre-Existing Condition Insurance Plan**

### ***Affordable Care Act Program to Provide Temporary Coverage for Americans Without Insurance Due to Pre-Existing Conditions Now Through 2014 When the New Insurance Exchanges Are Established***

The U.S. Department of Health and Human Services (HHS) announced today the establishment of a new Pre-existing Condition Insurance Plan (PCIP) that will offer coverage to uninsured Americans who have been unable to obtain health coverage because of a pre-existing health condition.

The Pre-Existing Condition Insurance Plan, which will be administered either by a state or by the Department of Health and Human Services, will provide a new health coverage option for Americans who have been uninsured for at least six months, have been unable to get health coverage because of a health condition, and are a U.S. citizen or are residing in the United States legally.

Created under the Affordable Care Act, the Pre-Existing Condition Insurance Plan is a transitional program until 2014, when insurers will be banned from discriminating against adults with pre-existing conditions, and individuals and small businesses will have access to more affordable private insurance choices through new competitive Exchanges. In 2014, Members of Congress will also purchase their insurance through Exchanges.

"For too long, Americans with pre-existing conditions have been locked out of our health insurance market," said Secretary Kathleen Sebelius. "Today, the Pre-Existing Condition Insurance Plan gives them a new option – the same insurance coverage as a healthy individual if they've been uninsured for at least six months because of a medical condition. This program will provide people the help they need as the nation transitions to a more competitive and fair market place in 2014."

The Affordable Care Act provides \$5 billion in federal funding to support Pre-Existing Condition Insurance Plans in every state. Some states have requested that the U.S. Department of Health and Human Services run their Pre-Existing Condition Insurance Plan. Other states have requested that they run the program themselves. For more information about how the plan is being administered where you live, please visit HHS' new consumer website, [www.HealthCare.gov](http://www.HealthCare.gov).

"Health coverage for Americans with pre-existing conditions has historically been unobtainable or failed to cover the very conditions for which they need medical care," said Jay Angoff, Director of the Office of Consumer Information and Insurance Oversight (OCIIO) which is overseeing the program. "The Pre-Existing Condition Insurance Plan is designed to address these challenges by offering comprehensive coverage at a reasonable cost. We modeled the program on the highly successful Children's Health Insurance Program, also known as CHIP, so states would have maximum flexibility to meet the needs of their citizens."

In order to give states the flexibility to best meet their needs, HHS provided states with the option of running the Pre-Existing Condition Insurance Plan themselves or having HHS run the plan. Twenty-one states have elected to have HHS administer the plans, while 29 states and the District of Columbia have chosen to run their own programs.

Starting today, the national Pre-Existing Condition Insurance Plan will be open to applicants in the 21 states where HHS is operating the program.

All states which are operating their own Pre-Existing Condition Insurance Plans will begin enrollment by the end of the summer, with many beginning enrollment today.

"The Pre-Existing Condition Insurance Plan is an important next step in the overall implementation of the Affordable Care Act," said Richard Popper, Director of Insurance Programs at OCIIO. "We have been working closely with the states and other stakeholders to make sure this program reaches uninsured Americans struggling to find coverage due to a pre-existing condition."

The Pre-Existing Condition Insurance Plan will cover a broad range of health benefits, including primary and specialty care, hospital care, and prescription drugs. The Pre-Existing Condition Insurance Plan does not base eligibility on income and does not charge a higher premium because of a medical condition. Participants will pay a premium that is not more than the standard individual health insurance premium in their state for insurance that covers major medical and prescription drug expenses with some cost-sharing.

Like the popular Children's Health Insurance Program (CHIP), the Pre-Existing Condition Plan provides states flexibility in how they run their program as long as basic requirements are met. Federal law establishes general eligibility, but state programs can vary on cost, benefits, and determination of pre-existing condition. Funding for states is based on the same allocation formula as CHIP, and it will be reallocated if unspent by the states. Unlike CHIP, there is no state matching requirement and the federal government will cover the entire cost of the Pre-Existing Condition Plan. While it took more than 6 months for a small number of states to establish their CHIP programs, we anticipate that every state will begin enrolling individuals in the Pre-Existing Condition Plan by the end of August.

Information on how to apply for the Pre-Existing Condition Insurance Plan is available at [www.HealthCare.gov](http://www.HealthCare.gov). Americans who live in a state where the U.S. Department of Health and Human Services is running the Pre-Existing Condition Plan will be linked directly to the federal application page. Those living in states running their own programs will also find information on how and where to apply on [www.HealthCare.gov](http://www.HealthCare.gov).

To learn more about the Pre-Existing Condition Insurance Plan and options available to residents of your state, visit [www.HealthCare.gov](http://www.HealthCare.gov).

An informational pamphlet on the Pre-Existing Condition Insurance Plan can be found at: <http://www.healthcare.gov/center/brochures/pcip.pdf>.

### **States by Pre-Existing Insurance Plan Administration**

**29 states plus the District of Columbia have chosen to operate their own plans.**

1. Alaska
2. Arkansas
3. California
4. Colorado
5. Connecticut
6. District of Columbia
7. Illinois
8. Iowa
9. Kansas
10. Maine
11. Maryland
12. Michigan
13. Missouri
14. Montana
15. New Hampshire
16. New Jersey
17. New Mexico
18. New York
19. North Carolina
20. Ohio
21. Oklahoma

22. Oregon
23. Pennsylvania
24. Rhode Island
25. South Dakota
26. Utah
27. Vermont
28. Washington State
29. West Virginia
30. Wisconsin

**21 states elected to have HHS run their plan.**

1. Alabama
2. Arizona
3. Delaware
4. Florida
5. Georgia
6. Hawaii
7. Idaho
8. Indiana
9. Kentucky
10. Louisiana
11. Massachusetts
12. Minnesota
13. Mississippi
14. Nebraska
15. Nevada
16. North Dakota
17. South Carolina
18. Tennessee
19. Texas
20. Virginia
21. Wyoming

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Note: All HHS press releases, fact sheets and other press materials are available at <http://www.hhs.gov/news>.

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