

AMENDMENT TO H.R. 1628
OFFERED BY MR. PALMER OF ALABAMA

Page 69, after line 15, insert the following:

1 SEC. 136. FEDERAL INVISIBLE HIGH RISK POOL.

2 (a) DEFINITIONS.—In this section:

3 (1) COVERED PERSON.—The term “covered
4 person” means an individual covered as a policy-
5 holder, participant or dependent under a plan, policy
6 or contract of medical insurance.

7 (2) DEPENDENT.—The term “dependent”
8 means a spouse or a child under 26 years of age.

9 (3) DESIGNATED HEALTH CONDITION.—The
10 term “designated health condition” means a health
11 condition which is designated under subsection (e).

12 (4) HEALTH STATUS STATEMENT.—The term
13 “health status statement” means such a statement
14 developed under subsection (d).

15 (5) MEMBER INSURER.—The term “member in-
16 surer” means an insurer that offers individual
17 health plans and is actively marketing individual
18 health plans in a State.

19 (6) SECRETARY.—The term “Secretary” means
20 the Secretary of Health and Human Services.

1 (7) STATE.—The term “State” means one of
2 the 50 States or the District of Columbia.

3 (b) ESTABLISHMENT OF FIHRP.—

4 (1) IN GENERAL.—There is hereby established
5 a Federal Invisible High Risk Pool (in this section
6 referred to as the “FIHRP”).

7 (2) REQUIREMENT FOR PARTICIPATION.—As a
8 condition of doing business in a State, a member in-
9 surer that is actively marketing a medical insurance
10 policy in the State must participate in the FIHRP
11 in accordance with this section.

12 (3) OPERATION.—The Secretary shall be re-
13 sponsible for administration of FIHRP, except that,
14 beginning 5 years after the date of the enactment of
15 this Act, a State may, upon notice to the Secretary,
16 assume responsibility for administration of the
17 FIHRP for medical insurance policies in such State.

18 (c) REINSURANCE; PREMIUM RATES.—

19 (1) REINSURANCE AMOUNT.—A member in-
20 surer offering an individual health plan in a State
21 must be reinsured by the FIHRP to the level of cov-
22 erage provided by the FIHRP in this subsection and
23 is liable to the FIHRP for the reinsurance premium
24 rate established in accordance with paragraph (2).

25 (2) REINSURANCE THRESHOLD.—

1 (A) IN GENERAL.—The FIHRP may not
2 reimburse a member insurer with respect to
3 claims of an individual designated for reinsur-
4 ance by the member insurer pursuant to sub-
5 section (f) until the insurer has incurred an ini-
6 tial level of claims for that individual for cov-
7 ered benefits in a calendar year.

8 (B) INITIAL LEVEL OF CLAIMS.— Such
9 initial level shall be \$10,000 except the FIHRP
10 may annually adjust the initial level of claims
11 and the maximum limit to be retained by the
12 insurer to reflect increases in costs and utiliza-
13 tion within State.

14 (3) CARE MANAGEMENT REQUIREMENT.—A
15 member insurer shall apply all managed care, utili-
16 zation review, case management, preferred provider
17 arrangements, claims processing and other methods
18 of operation without regard to whether claims paid
19 for coverage are reinsured under this section.

20 (4) PREMIUM RATES CHARGED INSURERS.—
21 Each member insurer shall remit 90 percent of paid
22 premiums for policies covering any individual ceded
23 by the insurer to the FIHRP under this section. The
24 FIHRP may consider adjustments to the premium
25 rates charged for reinsurance to reflect the use of ef-

1 fective cost containment and managed care arrange-
2 ments by an insurer.

3 (d) HEALTH STATUS STATEMENT BY APPLICANTS.—

4 The Secretary shall develop a health status statement to
5 be completed by all applicants for individual health insur-
6 ance in a State. Such statement shall identify if the appli-
7 cant has been diagnosed or is receiving treatment within
8 a specified period of time for a designated condition (as
9 determined under subsection (e)),

10 (e) DESIGNATED HEALTH CONDITIONS.—

11 (1) IN GENERAL.—Subject to paragraph (2),
12 the following shall be considered to be designated
13 health conditions for purposes of this section:

14 (A) Chronic obstructive pulmonary disease.

15 (B) Endometrial cancer.

16 (C) Metastatic cancer.

17 (D) Prostate cancer.

18 (E) Congestive heart failure.

19 (F) Renal failure.

20 (G) Rheumatoid arthritis.

21 (H) HIV.

22 (I) Such other health conditions as the
23 Secretary may determine

1 (2) FIHRP AUTHORITY TO REVISE.—The
2 FIHRP may amend the list of designated health
3 conditions from time to time as appropriate.

4 (f) DESIGNATION OF REINSURANCE.—

5 (1) IN GENERAL.—An insurer may evaluate the
6 health status of an applicant for insurance for pur-
7 poses of designating that individual for reinsurance
8 through the FIHRP. For individual health plans
9 issued on or after January 1, 2018, the insurer shall
10 use the individual’s health status statement to make
11 a designation and may not use any other method to
12 determine the health status of an individual. Insur-
13 ers may designate an individual for reinsurance
14 through the FIHRP only at time of the individual’s
15 application for insurance.

16 (2) PROVISION OF REINSURANCE.—

17 (A) IN GENERAL.—The FIHRP shall pro-
18 vide reinsurance to a member insurer for per-
19 sons designated by a member insurer under
20 paragraph (1).

21 (B) DESIGNATION CRITERIA.—

22 (i) DESIGNATION BASED ON DES-
23 IGNATED HEALTH CONDITION.—Applicants
24 with a designated health condition shall be
25 automatically designated for reinsurance.

1 (ii) DESIGNATION BASED ON OTHER
2 CONDITION.—An insurer may designate an
3 applicant for reinsurance through the
4 FIHRP, even though the applicant does
5 not indicate a designated health condition,
6 based on underwriting discretion applied
7 based on other information provided on the
8 applicant's health status statement.

9 (g) REIMBURSEMENT.—Claims for items and services
10 ceded through reinsurance to the FIHRP shall be reim-
11 bursed by the FIHRP at the payment rates established
12 under the Medicare program under title XVIII of the So-
13 cial Security Act for items and services furnished to indi-
14 viduals entitled to benefits for such items and services
15 under such title. Health care providers furnishing such
16 items and services shall accept payment at such rates as
17 payment in full for such items and services and may not
18 balance bill the insurer or individual involved for charges
19 in excess of such payment rates.

