



# Overview of the Texas Health Insurance Risk Pool

Presented by  
UNICARE Life & Health Insurance Company

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Health Insurance  
Risk Pool

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# Learning Objectives

- Purpose of the Risk Pool
- Updated Eligibility Criteria
- Benefits
- Premiums/Rates
- Application Process

*Website: [www.txhealthpool.org](http://www.txhealthpool.org)*

*Customer Service: 888-398-3927*



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# History of the Risk Pool

## ➤ Purpose of the Risk Pool

- Provide access to health coverage to uninsured individuals
- Compliance with Federal Law (HIPAA)

## ➤ How it was created

- Originally created by the Legislature in 1989
- Legislature created funding mechanism in 1997
- Began accepting applications in 1998.

## ➤ How it is funded

- Member premiums
- Mandated assessments



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# Oversight & Administration

## ➤ Risk Pool Board of Directors

- Nine Directors
- Appointed by Commissioner of Insurance

## ➤ Risk Pool Executive Director

- Overall program direction and development
- Oversight of administration

## ➤ Program Administrator

- TPA contract awarded to BCBSTX in late 1997
- Operations began January 1998



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BlueCross BlueShield  
of Texas

# Program Overview

## ➤ Eligibility Criteria

- 31% Automatic eligibility due to certain medical conditions
- 30% HIPAA Eligible
- 28% One rejection from Insurance company
- 6% Agent Certification Form
- 5% Offer of coverage at premium higher than Pool's or with conditional rider
- (Note: These % change as enrollment changes)

## ➤ Benefits and Provider Network

- Three Benefit Plans (\$500, \$1,000 & \$2,500 annual deductible)
- Pre-existing condition limitations may apply  
6/12 pre-existing condition definition
- \$1,000,000 Lifetime Max
- 80/60 Coinsurance with OOP Maximums
- Pharmacy drug card included
- Access through the statewide BlueChoice PPO network

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## Program Overview

### ➤ Premiums/Rates

- Established by the Risk Pool Board of Directors
- Currently at 150% of the Standard Risk Rate
- Standard Risk Rate is determined by averaging leading individual carriers current premiums
- Rate increase of 20% was effective August 1, 1999
- Rated by Area, Age, Gender and Smoker status
- Average monthly premium in 1999 was \$285.
- 61% chose \$500 Deductible/39% chose \$1000
- \$2500 Deductible established on 01/01/2000.



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## Enrollment v. Claims

### Enrollment Increases

End of 1998 = 2,946 insureds  
End of 1999 = 6,660 insureds  
End of 2000 = 11,000 estimated.

### Claims Payments Made

1998 = \$ 4,802,170  
1999 = \$30,822,830  
2000 = \$27,279,320

(as of 6 months ended 6/30)

45% of medical claims paid in 1999 were for the treatment of cancers, circulatory and respiratory diseases.

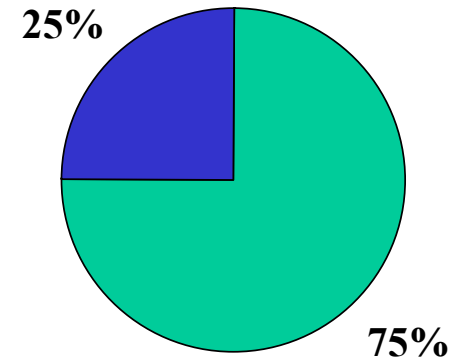


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## Total Claims Paid By the Texas Health Pool 1/1/98 Through 06/30/00

- Medical claims paid  
\$47,411,780
- Pharmacy claims paid  
\$15,492,545
- Total claims paid  
\$62,904,325



■ Medical ■ Pharmacy



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## Risk Pool Funding

- Premiums Collected:

1998 = \$ 4,902,391

1999 = \$16,365,666

2000 = \$ 18,455,240 first six months

- 1998 Loss ratio = 225%

- 1999 Loss ratio = 220%

- Claims losses, net of premiums, are funded by assessments:

1998 = 370 health insurers/\$10,056,940 collected

1999 = 345 health insurers/\$14,057,740 collected

The amount of an assessment is determined by the percentage of assessable premium written by each carrier during the period. In 2000, Prudential was assessed \$6.84 million, the largest share, BCBS of TX assessed \$5.4 million, 2nd largest share.

- **\$68 Million was assessed in 2000**



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## Application Process

### Eligibility for Coverage:

- one or more of 52 “automatic conditions”
- “Required Notice” of rejection/declination from insurance company
- Letter from agent stating person is uninsurable on the Pool’s “Agent Certification Form”
- Coverage issued with a ‘rider’ or at rates greater than the Pool’s.
- HIPPA Eligible

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*Agents who facilitate enrollment and submit applicant enrollment forms are paid a one-time \$25 fee.*



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## The Texas Health Insurance Risk Pool

- “To provide for access to quality health care at a minimum cost to the public...”
- “...is not intended to diminish the availability of traditional health insurance to consumers who currently are eligible for these products”
- Belongs to “NASCHIP” - National Assn. Of State Comprehensive Health Insurance Plans. 29 other States have Risk Pool Plans.

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