



Illinois Department of Insurance

PAT QUINN
Governor

MICHAEL T. McRAITH
Director

April 30, 2010

Re: *The Patient Protection and Affordable Care Act (a/k/a "national health reform")*.

Dear ICHIP Enrollee:

With the passage of the Affordable Care Act on March 23, 2010, Illinois families and businesses can anticipate a health insurance marketplace that will provide more meaningful benefits, be more accountable to consumers, and be more transparent. Most health insurance reforms are scheduled to be implemented and effective by January 1, 2014.

The establishment of a temporary high risk pool is among the components of the Affordable Care Act scheduled for implementation in the near future. By design, this temporary high risk pool will provide a coverage bridge to 2014 for many of the currently uninsured with preexisting conditions. Of course, effective January 1, 2014, the Affordable Care Act prohibits health insurers from basing coverage or pricing decisions on health status. We know that day will not arrive soon enough for many families and small businesses in our State.

\$5 billion has been federally appropriated to support the establishment of high risk pools in all the states, and we expect approximately \$196 million to be available for Illinois.

The Affordable Care Act contemplates enrollment of an "eligible individual" who is defined as:

1. uninsured for six (6) months;
 - enrollment in an existing high risk pool (ICHIP) constitutes "insurance" for purposes of this definition;
2. a citizen or national of the United States; and,
3. has a preexisting condition.

In addition, the Affordable Care Act requires that the premiums paid by those covered by the temporary high risk pool not pay more than 100% of the standard premium rate. Some states, like Texas, allow for high risk pool premiums as high as 200%. Of course, as you well know, ICHIP members are required, by Illinois law, to pay between 125-150% of the standard premium rate.

At this time, through ICHIP, the State of Illinois is pursuing the opportunity to cover more uninsured citizens in Illinois through this federally funded high risk pool. However, as the US Department of Health and Human Services continues to guide the states with implementation of the high risk pool expansion, we remain uncertain of the impact on current ICHIP enrollees. In particular, it appears unlikely that the federal funds will be available to reduce premiums paid by current ICHIP enrollees.

April 30, 2010

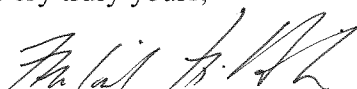
Page 2

Nothing in the Affordable Care Act requires change to, or threatens, the current ICHIP operations or benefits, and you will not experience any disruption in care or coverage due to the Act.

The ICHIP Board of Directors and staff reaffirm our commitment to operate ICHIP in a responsible and fiscally prudent manner and to provide the best possible service to ICHIP enrollees.

Please do not hesitate to contact ICHIP at 866-851-2751 if you need assistance.

Very truly yours,

A handwritten signature in black ink, appearing to read "Michael T. McRaith". The signature is fluid and cursive, with a prominent initial "M" and "T".

Michael T. McRaith
Director
Chairman, ICHIP Board of Directors