



State of Illinois  
Office of the Board of Directors  
**Comprehensive Health Insurance Plan**

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[www.chip.state.il.us](http://www.chip.state.il.us)

May 20, 2010

RE: ***High Risk Pool Premiums Under State and Federal Law.***

Dear ICHIP Enrollee:

For more than 20 years, Illinois has operated a health insurance plan for uninsured Illinoisans with preexisting conditions, also known as the Illinois Comprehensive Health Insurance Plan (“ICHIP”). ICHIP was designed as an alternative coverage plan for Illinois residents denied by health insurers. In 1997, consistent with federal and state law, ICHIP was expanded to provide coverage to qualifying individuals who lost group health insurance coverage.

Pursuant to the Patient Protection and Affordable Care Act, also referred to as national health reform, federal law appropriates \$5 billion to the States to provide coverage to uninsured individuals. The federally funded high risk pools will serve as a coverage link until January 1, 2014, when insurers will be prohibited from basing coverage or pricing decisions on health status. The U.S. Department of Health and Human Services estimates Illinois will receive approximately \$196 million.

Premiums for ICHIP are established by State law. In Illinois, premium rates must be set as follows:

- Pursuant to Section 7.1 of the Comprehensive Health Insurance Plan Act, premium rates for ICHIP plans “shall not be less than 125% nor more than 150%” of the standard premium rate. 215 ILCS 105/7.1.
- The ICHIP Board determines the standard premium rate twice a year based on an average of the rates charged by the five largest health insurance issuers in Illinois. 215 ILCS 105/7.1.
- Illinois law does not restrict premium variation based on age.
- Illinois law does not restrict premium variation based on gender.
- A copy of the CHIP Act’s premium requirements can be found [here](#).

Under the Affordable Care Act, premium rates for the federally funded high risk pool must be set as follows:

- Section 1101 of the Affordable Care Act requires the premium rate for the federally funded high risk pool to equal 100% of the standard rate.
- The Affordable Care Act does not specify how the standard rates are to be calculated.
- The Affordable Care Act limits premium variation based on age so that the premiums paid by the pool’s oldest participants are not more than four times the premiums paid by the youngest participants.
- The Affordable Care Act prohibits premium variation based on gender.
- These premium rate requirements can be found in Section 1101 of the Affordable Care Act, which is available [here](#).

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The Affordable Care Act does not affect the premium rates the ICHIP Board is required by law to set for ICHIP.

The ICHIP Board of Directors and staff remain committed to operate ICHIP in a responsible and fiscally prudent manner and to provide the best possible services to current and potential ICHIP enrollees.

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

Very Truly Yours,

A handwritten signature in black ink, appearing to read "Michael McRaith". The signature is written in a cursive style with a large, sweeping flourish at the end.

Michael T. McRaith  
Chairman, ICHIP Board of Directors