

The Managed Risk Medical Insurance Board 2010-11 Governor's Budget Overview

The 2010-11 Governor's Budget for the Managed Risk Medical Insurance Board supports services to improve the health of Californians. The Governor's Budget for Fiscal Year 2010-11 provides a total of \$1,089,758,000 for all of MRMIB's programs. Of this total amount \$12,334,000 is for state operations and \$1,077,424,000 is for local assistance.

Total MRMIB 2010-11 Budget

MRMIB Budget by Fund Source*	
Fund Source	FY 2010-11
General Fund (GF)	\$128,376
Federal Funds (FF)	\$666,867
Special Funds and Reimbursements	\$294,515
Total Funds	\$1,089,758

**Dollars in thousands*

MRMIB 2010-11 State Operations

State Operations by Program*		
Program Title	Program	FY 2010-11
HFP	40	\$9,478
AIM	20	\$1,055
CHIM	50	\$494
MRMIP	10	\$1,307
Total State Operations – All Funds		\$12,334

State Operations by Fund Source*	
Fund Source	FY 2010-11
General Fund (GF)	\$2,461
Federal Funds (FF)	\$7,332
Special Funds and Reimbursements	\$2,541
Total State Operations – All Funds	\$12,334

**Dollars in thousands*

MRMIB 2010-11 Local Assistance

Local Assistance by Program*		
Program Title	Program	FY 2010-11
HFP	40	\$919,343
AIM	20	\$121,140
CHIM	50	\$1,295
MRMIP	10	\$35,646
Total Local Assistance – All Funds		\$1,077,424

Local Assistance by Fund Source*	
Fund Source	FY 2010-11
General Fund (GF)	\$125,915
Federal Funds (FF)	\$659,535
Special Funds and Reimbursements	\$291,974
Total Local Assistance – All Funds	\$1,077,424

**Dollars in thousands*

Budget Assumptions

Healthy Families Program

- The Governor's Budget proposes to reduce eligibility for the Health Families Program from 250 percent to 200 percent of the federal poverty level effective May 1, 2010. This change would result in termination of eligibility for 203,310 current subscribers and would reduce program costs by \$10.5 million GF in 2009-10 and \$63.9 million GF in 2010-11.
- The Governor's Budget proposes the elimination of vision coverage as a benefit of the Healthy Families Program and an increase in monthly premiums for families with incomes from 151 percent to 200 percent of the federal poverty level effective July 1, 2010. Premiums would increase by \$14 per child (\$42 maximum per family with 3 or more children). The premium would increase from \$16 to \$30 per child (family maximum premium would increase from \$48 to \$90.) These changes would reduce program costs by \$21.7 million GF in 2010-11.
- First 5 California Children and Families Commission (CCFC) approved funding of up to \$81,400,000 to pay for health care services for HFP enrollees up to age 5 years through the end of 2009-10. The November 2009 Estimate assumes that the same amount of CCFC funding will be available to MRMIB for 2010-11.
- The Managed Care Organization (MCO) tax established by AB 1422, Chapter 157, Statutes of 2009, will provide up to \$147,000,000 to MRMIB for 2009-10 and \$50,500,000 for 2010-11. AB 1422 included a sunset clause, eliminating this tax December 31, 2010. The November 2009 Estimate assumes enactment of state legislation that makes the MCO tax permanent. Therefore MRMIB would receive an additional \$41,500,000, for a total of \$92,000,000 in 2010-11. MRMIB will use this \$92,000,000 and 2009-10 carryover of \$45,288,000 to fund caseload in 2010-2011. Please note that the \$92,000,000 assumes that the Medi-Cal Program continues to receive enhanced Federal Medical Assistance Percentages (FMAP). If Medi-Cal's enhanced FMAP is discontinued on December 31, 2010, then MRMIB will only receive \$84,200,000 rather than \$92,000,000 in 2010-11.
- The November 2009 Estimate continues program changes made by the Board in 2009-10 to reduce expenditures effective on November 1, 2009. These changes (identified below) are expected to reduce costs by \$ 12.7 million GF in 2010-11.
 1. Premium increases for subscribers in Categories B and C by \$4 and \$7, respectively
 2. Co-payment increases for subscribers in Categories B and C
 - Health, dental and vision from \$5 to \$10 for non-preventative services
 - Brand name prescription drugs from \$5 to \$15 and generic drugs from \$5 to \$10
 - Emergency room visits from \$5 to \$15 unless hospitalized
 3. Dental coverage modification to conform to the approach used for state employees

Access for Infants and Mothers (AIM) Program

- Due to an increase in the Cigarette and Tobacco Surtax Revenues (Proposition 99), the November 2009 Estimate reflects sufficient funding to fully fund the anticipated 2010-11 AIM caseload with no change in AIM income eligibility requirements or changes in cost sharing. MRMIB is monitoring current year expenditures and staff

continues to conclude that there is sufficient funding to remain open to new enrollment in the current year.

Major Risk Medical Insurance Program (MRMIP)

- Due to an increase in the Cigarette and Tobacco Surtax Revenues (Proposition 99), \$36.9 million will be available for MRMIP. This is the same level of funding received last year. This is consistent with the funding assumed in the November 09 PriceWaterhouseCoopers (PWC) Semi-Annual MRMIP Enrollment Estimate.

Additional “Trigger” Reductions

To achieve \$6.9 billion in savings, the Governor has proposed reforming the state’s relationship with the federal government and will obtain monies owed to California for faulty reimbursement formulas and federal mandates. The Governor’s Budget assumes federal flexibility and significant additional federal revenue. If this does not come to pass, the budget proposes additional program changes and/or reductions. Changes that would impact MRMIB include:

Healthy Families Program

The Healthy Families Program will be eliminated for a savings of \$126 million.

Access for Infants and Mothers Program

Transfer of significant funding needed for program operation to Medi-Cal which may lead to closure of the AIM program.

Major Risk Medical Insurance Program

Transfer of significant funding needed for program operation to Medi-Cal which may lead to closure of the MRMIP program.

2010-11 Enrollment Levels by Program

Healthy Families Program

Without the proposed reduction in the eligibility criteria for the HFP, MRMIB would have projected a 2009-10 year-end enrollment of 968,141 and a 2010-11 year-end enrollment of 1,030,805. As a result of the reduced eligibility from 250 to 200 percent of FPL on May 1, 2010, MRMIB anticipates that eligibility will be terminated for 203,310 current HFP subscribers. Based on this reduced caseload, the November 2009 Estimate now projects a year-end total enrollment of 824,632 subscribers for 2010-11. This is an increase of 60,857 subscribers compared to the reduced 763,775 projected year-end subscribers for 2009-10. This increase in enrollment results in a budget year total growth rate of 8.0 percent over the adjusted current year.

Access for Infants and Mothers Program

For 2010-11, MRMIB projects a total annual enrollment of 11,276 subscribers. This is an increase of 203 subscribers compared to the 11,073 projected subscribers for 2009-10. This increase in enrollment results in a budget year total growth rate of 1.83 percent over the current year.

Major Risk Medical Insurance Program

Based upon the November 09 PWC Semi-Annual MRMIP Enrollment Estimate and Proposition 99 funding available, the Major Risk Medical Insurance Program will continue to have funding for 7,100 subscribers. There is no change to the enrollment cap compared to 2007-08 funding levels. As of January 2, 2010, the waitlist has been cleared.

County Children's Health Initiative Matching Fund Program

For 2010-11, MRMIB projects a total annual enrollment of 1,062 subscribers. This is a decrease of 22 subscribers compared to the 1,084 projected subscribers for 2009-10.