

Managed Risk Medical Insurance Board
January 16, 2008 Public Session

- Board Members Present: Cliff Allenby, Areta Crowell, Ph.D., Sophia Chang, M.D., M.P.H., and Richard Figueroa, M.B.A.
- Ex Officio Members Present: Kathryn Lowell (on behalf of the Secretary for Business, Transportation and Housing), Ruth Liu (on behalf of the Secretary for California Health and Human Services Agency), and Jack Campana, Chair of the HFP Advisory Panel.
- Staff Present: Lesley Cummings, Laura Rosenthal, Shelley Rouillard, Teresa Krum, Janette Lopez , Ernesto Sanchez, Caroline Castaneda, Cynthia Reed, Larry Lucero, Thien Lam, Will Turner, Seth Brunner, Naomi Yates and Adrienne Thacker.

CALL TO ORDER

Chairman Allenby called the meeting to order at 10:05 am.

REVIEW AND APPROVAL OF MINUTES OF DECEMBER 19, 2008 MEETING

The Board reviewed the minutes from the December 19 meeting. A motion was made and unanimously passed to approve the minutes with no changes. The minutes are available at www.mrmib.ca.gov/MRMIB/Agenda_Minutes_011608/Public_12-19-07_DRAFT.pdf.

STATE BUDGET UPDATE

Teresa Krum presented an overview of the impact of the Governor's 2008/2009 proposed budget on MRMIB programs. The Governor recently declared a fiscal emergency for the state because of a major shortfall in General Fund revenue. He convened a special legislative session to address the situation and proposed an across-the-board 10% reduction to programs supported by the General Fund. The Legislature will likely conduct an accelerated hearing process on these reductions, starting as early as next week.

The Healthy Families Program (HFP) is the only MRMIB program which is supported by the General Fund. The Governor's proposed 2008/2009 budget for HFP would save \$41.9 million from the state General Fund by:

(1) increasing premiums from \$9 to \$16 per child per month for families with incomes between 150% FPL and 200% FPL and from \$15 to \$19 per child per month for families between 200% FPL and 250% FPL (saving \$11.1 million General Fund and \$20.2 million federal funds);

(2) increasing co-payments from \$5 to \$7.50 per visit for non-preventative services for families above 150% FPL (around \$31,000 per year for a family of four), an increase projected to decrease utilization of services and therefore plan rates by 1.25% (saving \$3.4 million General Fund and \$6.2 million federal funds);

(3) reducing HFP plan rates (health, dental and vision) by 5% from current levels (saving \$22.4 million General Fund and \$40.7 million federal funds), and;

(4) creating a \$1,000 per child annual dental benefit limit for children in the HFP (approximately 5% of families reach the \$1,000 annual dental benefit limit) (saving \$6.3 million General Fund and \$11.4 million federal funds).

The inclusion of cuts for all programs supported by the General Fund reduces the amount of the reductions from health and social services programs as compared to many of the approaches taken in the past. In order for the cost savings to be realized, the proposed changes need to be in effect beginning July 1, 2008. For this to be the case, they need to be enacted on or before March 1, 2008.

Mr. Figueroa asked if the premium increases would be capped per family. Ms. Krum confirmed that they would be. The maximum premium paid by a family would \$57 maximum for Category C, and \$48 for Category B.

In addition to the General Fund reductions included in the budget, there are reductions in two HFP projects funded by Proposition 99 and federal funds. These are a reduction of \$3,265,714 (Prop 99) for Rural Health Demonstration Projects and a \$500,000 reduction (total funds) (effective elimination) of the Consumer Assessment of Plans Survey (CAPS).

In addition, the budget reduces \$4 million in Proposition 99 funds for the Major Risk Medical insurance Program, leaving \$36 million for the program in the budget year. The reduction will lower the number of people MRMIP can serve in the budget year.

The proposed budget allows for an 8% growth or up to 66,000 more children to enroll in the HFP. It does not: (1) reduce income limits on persons covered in HFP, (2) reduce payments to Certified Application Assistants, (3) raise costs for the lowest income families or (4) significantly alter vision, dental or health benefits for any child in HFP. In addition, the proposed budget allows for implementation of the requirements of Senate Bill 437, delayed in last year's budget negotiations.

Ms. Cummings said that the reduction in health plan payment rates means that MRMIB staff will not proceed with the usual rate negotiation process and, instead, will

focus discussion with plans on reducing plan payment rates consistent with the budget.

The document Ms. Krum presented is located at www.mrmib.ca.gov/MRMIB/Agenda_Minutes_011608/Agenda_item4a_MRMIB2008-09_Overview.pdf.

Review of Contracts Signed by the Executive Director

In July 2006, the Board delegated authority to the Executive Director, in certain situations, to enter into contracts without express Board approval.

Terresa Krum presented a summary of contracts signed by the Executive Director in fiscal years 2006/2007 and 2007/2008. The summary shows, in categories, the types of goods or services purchased with each contract. Ms. Krum also presented the document which delegates contract signing authority to the Executive Director and a related resolution. These documents are located at www.mrmib.ca.gov/MRMIB/Agenda_Minutes_011608/agenda_item_5.pdf.

Chairman Allenby acknowledged receipt of the report and asked for any questions or comments. There were none.

STATE LEGISLATION UPDATE

Regular Session Summary

Will Turner presented a summary of the regular session bills and highlighted some of interest to the Board. The document is located at www.mrmib.ca.gov/MRMIB/Agenda_Minutes_011608/item6_01-16-08_leg_status_report.pdf.

Chairman Allenby asked for any questions or comments. There were none.

Mr. Turner noted upcoming legislative deadlines: January 18 (last day for policy committees may meet and report bills introduced in 2007 to fiscal committees); January 31 (last day for each house to pass bills introduced in 2007), and; February 22 (last day for bills to be introduced in 2008).

Special Legislative Summary

Ronald Spingarn presented a summary of special legislative session bills and highlighted some of interest to the Board. The document is located at www.mrmib.ca.gov/MRMIB/Agenda_Minutes_011608/item6a_01-16-08_special_leg_status_report.pdf.

Chairman Allenby asked for any questions or comments. There were none.

Ernesto Sanchez presented a summary of The Secure and Affordable Health Care Act of 2008 initiative, linked to and a funding mechanism for ABX1-1, Assembly Speaker Nunez's health care reform bill supported by the Governor. The document is located at

www.mrmib.ca.gov/MRMIB/Agenda_Minutes_011608/Agenda_Item_6a_Secure_and_Affordable_Health_Care_Act_of_2008_1-16-08.pdf.

Chairman Allenby asked for any questions or comments. There were none.

FEDERAL BUDGET, LEGISLATION AND EXECUTIVE BRANCH ACTIVITY

SCHIP Reauthorization

Cynthia Reed reported that on December 29, 2007 President Bush signed Senate Bill 2499 (S 2449), the Medicare, Medicaid and SCHIP Extension Act of 2007, which extends SCHIP funding until March 31, 2009 and includes additional funding to prevent state shortfalls. She presented a memo from the Executive Director describing the funding provided under SB 2499. The bill itself did not specify the data source(s) that Centers for Medicare and Medicaid Services (CMS) should use to determine allotments nor did it include language to counteract the requirements of a letter issued by the CMS to all states on August 17, 2007, preventing states from covering children at incomes above 250 percent of federal poverty level (FPL).

CMS hosted a conference call with states on January 10 to discuss state allocations. After the call, CMS provided a spreadsheet (provided to the Board) showing each state's 2008 allotment level and additional funding augmenting allotments for shortfall states. California is considered to be a shortfall state. The bottom line is that California will receive \$1.2 billion, enough funds for federal fiscal year 2008. The chart does not show states' 2009 allotment levels. However, Dennis Smith, representing CMS on the phone call, said that states will be able to access their full 2009 allotments plus any money for shortfalls on the first day of federal fiscal year 2009. The document is located at

www.mrmib.ca.gov/MRMIB/Agenda_Minutes_011608/Item_7a_Board_SCHIP_Memo_01-16-07.pdf

Ms. Cummings said that the August 17 letter affects the ability of states to expand coverage unless they meet all eight of the rule issued by CMS, and could also affect California's base program. The rules would require states to use an "effective" or "gross" income standard to calculate applicants' income, no longer allowing for "disregards" or "deductions." If this approach is applied it could affect eligibility down to 200% of FPL. CMS has given states until August 17, 2008 to comply with all of the rules.

Chairman Allenby asked for any questions or comments. There were none.

HEALTHY FAMILIES PROGRAM (HFP) UPDATE

Enrollment and Single Point of Entry Reports

Thien Lam reported that HFP has more than 866,000 children enrolled in the program, with nearly 28,000 new subscribers last month, a 10% increase compared with November. The majority of those enrolled continue to be Latino and the top five counties for enrollment continue to be in southern California. The report is posted at www.mrmib.ca.gov/MRMIB/Agenda_Minutes_011608/Agenda_Item_8a_HFP_Enrollment_and_SPE_Summary_December_2007.pdf.

Ms. Lam then reported on HFP's response to the Southern California fires. In October the Governor declared a state of emergency due to the Southern California wildfires, which impacted seven counties. Five of these had the highest HFP enrollment levels in the State – Los Angeles, Orange, Riverside, San Bernadino, San Diego, Santa Barbara and Ventura. In response, HFP delayed potential disenrollments in these counties due to non-payment of premiums or due to receipt of late, missing or no information for annual eligibility review. Coverage was extended for more than 127,000 children through December as a result of these measures. More than 109,000 or 86% of these remain enrolled and the rest were disenrolled at the end of December. As a result, December had higher than usual disenrollments.

Dr. Crowell expressed appreciation for the work done for the families impacted by the fires. Chairman Allenby, Mr. Campana, and Mr. Figueroa agreed.

Mr. Figueroa asked if the spike in December enrollments shown on the enrollment chart may have been due to people thinking that enrollment might close due to a lack of federal funds. Chairman Allenby agreed with that being the likely cause.

Janette Lopez said that a notice will be posted to remind families and application assistants that HFP and the Access for Infants and Mothers (AIM) program are continuing to enroll subscribers and that no subscribers were disenrolled or waitlisted, quelling any rumors to the contrary.

Administrative Vendor Performance Report

Ms. Lam reported that the HFP administrative vendor had met all process and quality performance requirements. The report is posted at www.mrmib.ca.gov/MRMIB/Agenda_Minutes_011608/Agenda_Item_8b_HFP_Adm_Vendor_Perf_Dec_2007_Summary.pdf

Chairman Allenby asked if there were any questions or comments from the audience. There were none.

Enrollment Entities (EEs)/Certified Application Assistants (CAAs) Reimbursement Report

Larry Lucero presented the CAA and EE report. HFP made nearly 14,500 payments worth around \$1 million to CAAs/EEs since the last report. This high payment rate may have been due to retroactive reimbursement for counties' blocked from receiving Outreach, Retention and Utilization (ORU) grants, resumption of enrollment activities by 244 entities formerly funded by ORU, or the August/September seasonal school outreach. Around \$3.2 million paid to EEs this year. 19,200 CAAs and 2,700 EEs are in the program.

The report is posted at

www.mrmib.ca.gov/MRMIB/Agenda_Minutes_011608/Agenda_Item_8c_EE_ReimRp_t1.16.pdf.

Ms. Cummings expressed gratitude that funding for CAAs/EEs, the only state-funded outreach for HFP and Medi-Cal for children, was continued in the 2008/2009 Governor's proposed budget.

Chairman Allenby asked if there were any questions or comments from the audience. There were none.

Adoption of Proposed Regulations to Modify the Process for Determining Community Provider Plans (CPP)

Shelley Rouillard reviewed the proposed regulations which clarify that the list of traditional and safety net providers is a preliminary list, authorize health plans and providers to suggest additions to the list if providers were excluded in error, establish a 30-day review period for proposed revisions and clarify how the Children's Health and Disability Prevention (CHDP) program clinic and hospital lists will be compiled and scores will be calculated.

Ms. Rouillard noted that that an issue came up during the process related to the time period used to base the lists. Staff requested plan input on whether it is best to use the last claim year for which all claims have been processed or to use the current year which provides more up-to-date information, but would not have finalized claims. It takes up to 18 months for claims to be completed. Six plans provided input and the Healthy Families Advisory Panel discussed at the issue. While there was near consensus that more recent claims data would be appropriate, staff realized that due to the changes made in calculation of the clinic score (which will now include a variable for number of services provided), HFP must use a year for which claims are final. As a result, no changes will be made to the timing for using claims data to generate the lists.

Chairman Allenby asked if there were any questions or comments from the audience or Board members.

Dr. Crowell asked whether providers known to have been terminated or out of business between the time the data was generated and the list produced would be excluded. Ms. Rouillard said they would not as there is no way to determine the facts of the case.

Dr. Crowell asked about the exclusion of acute psychiatric hospitals and health facilities from provider lists. Ms. Cummings said that this was due to the need for equity. County mental health in-patient services have been excluded for a long time and staff concluded that allowing private facilities and not county facilities to count would not be equitable. Dr. Crowell said this contributed in part to the difficulty between health plans and counties, and should be considered in the future. Chairman Allenby said it should be consistent and Ms. Cummings said that proposed change results in consistency.

Dr. Chang move to adopt the regulations with the Office of Administrative Law and the motion passed unanimously.

ACCESS FOR INFANTS AND MOTHERS (AIM) PROGRAM UPDATE

Enrollment Report

Ms. Lam informed the Board that in December 1,019 new subscribers were enrolled, bringing the total to nearly 7,820 pregnant women. The report is posted at www.mrmib.ca.gov/MRMIB/Agenda_Minutes_011608/Agenda_Item_9a_AIM_Enrollment_Summary_December_2007.pdf. There were no public comments or questions.

Administrative Vendor Performance Report

Ms. Lam presented the latest report to the Board. The contractor met all of its target goals. The report is posted at www.mrmib.ca.gov/MRMIB/Agenda_Minutes_011608/Agenda_Item_9b_AIM_Adm_Vendor_Perf_December_2007_Summary.pdf. There were no public comments or questions.

Adoption of Proposed Regulations to Reduce Subscriber Contributions Following First Trimester Miscarriage

Ms. Cummings asked if the Board wants a review of all proposed regulatory changes or only those revised since the last viewing. Chairman Allenby agreed to the later and Ms. Cummings highlighted those changes. The document is posted at www.mrmib.ca.gov/MRMIB/Agenda_Minutes_011608/Agenda_Item_9c_AIM_Regulations_1st_Trimester_Contribution.pdf.

Chairman Allenby asked if there were any questions or comments from the audience or Board members.

Lucy Quacinella, Maternal and Child Health Access, said that an issue not addressed is what triggers notice to a woman who is to be disenrolled effective 60 days post-partum. Chairman Allenby asked for staff to comment. Ms. Cummings clarified that a woman who informs the program of the end of her pregnancy is provided notice when coverage ends. The problem is when a woman does not tell the program about the end of her pregnancy. She said that this is an issue of process, not of regulations. Staff explored some ideas in a meeting with Ms. Quacinella and will continue to do so.

Chairman Allenby said that he would like staff to continue to work with Ms. Quacinella to resolve the issue.

Laura Rosenthal said that at the meeting that already occurred, staff and advocates exchanged a number of ideas about improving program materials to clearly communicate that coverage ends 60 days after the pregnancy ends. Staff does not think it advisable to extend coverage when a woman doesn't report that her pregnancy ended. But staff is eager for advocate input on making program materials clearer. Staff also is exploring avenues by which the program can become aware that a woman's pregnancy has ended.

Dr. Crowell asked what proof is provided regarding the end of the pregnancy. Ms. Cummings said staff is exploring whether HFP could expect such notice from providers, a requirement that would be addressed in the contract with the plan. Ms. Lopez noted that the problem really is limited to when a woman miscarries as women who have a live birth want to register their babies for coverage, so they provide notice. She said one idea staff is looking into is including in the AIM packet not only the infant registration form but a notice of miscarriage form. Dr. Chang commented that it wasn't realistic to expect that providers would notify AIM of miscarriages just because a clause in their contracts with plans said to do so. She suggested that subscribers receive reminders of their obligation to tell the program about the end of a pregnancy in their monthly bills. Ms. Lopez said staff could explore the issue, but that experience has shown subscribers frequently don't read the information included with their billing statements.

Mr. Figueroa asked what would happen under the proposed regulations if a woman miscarried and the program did not become aware of the miscarriage until nine months later. Ms. Rosenthal said the regulations don't include a deadline for the woman to notify the program. Thus, if notice was late then she could still get a substantial reduction or refund if she had fully paid. If she hadn't paid then she would still owe one-third of the premium.

Mr. Figueroa asked what happens with the claim during the 9 months of coverage, is it retroactive? Ms. Rosenthal agreed that it is, but emphasized that coverage only

lasts for 60 days after the pregnancy. Staff is not proposing to expand eligibility substantively but are committed to working with Ms. Quacinella and others to develop the best combination of ways to clearly inform women with notice.

Mr. Figueroa asked whether a woman who has a miscarriage with complications can elect to continue coverage in the program beyond 60 days at her own expense? Ms. Rosenthal replied that this would be a major program expansion which has not been analyzed or costed out.

Chairman Allenby asked all interested parties to meet and report back to the Board at the meeting after next.

Mr. Figueroa asked the Chair how his request would impact the adoption of the proposed regulations. The Chair said that the Board should adopt the proposed regulations, but he wanted staff to return and update the Board on possible program improvements.

Lilly Spitz, Planned Parenthood Affiliates of California, expressed support for the issues Ms. Quacinella had raised to the Board. She added that Planned Parenthood providers would be willing to notify the program of a miscarriage. She agreed to keep working with Board staff.

A motion was made and unanimously approved to adopt the regulations.

MAJOR RISK MEDICAL INSURANCE PROGRAM (MRMIP) UPDATE

Enrollment Report

Naomi Yates presented the latest report to the Board. In December 7,801 persons were enrolled. Ninety new subscribers enrolled in December. On December 6th enrollment was closed due to creation of a waiting list of 232 persons. But as there were 310 disenrollments in December, all of those on the waitlist were enrolled before the end of the month.

Chairman Allenby asked if there were any questions or comments. Mr. Figueroa said that the disenrollment number seemed high. Ms. Yates said that the increase might be associated with creation of the deductible. The disenrollment rates are not inconsistent with those in December of 2006 and 2005, however.

The report is posted at

http://www.mrmib.ca.gov/MRMIB/Agenda_Minutes_011608/Agenda_Item_10a_MRM_IP_Enrollment_Summary_December_2007.pdf.

Update on Enrollment Cap and Waiting List

As noted above, 310 disenrollments allowed those on the waitlist to be enrolled. Staff is monitoring the waitlist twice per month to help move people into the program more frequently. As a result, 400 persons were offered enrollment in December and January.

Chairman Allenby asked if there were any questions or comments.

Ms. Cummings said that MRMIB staff will be actively educating legislative staff about the fluidity of the enrollment and waitlist numbers, now even more pronounced due to the increasing frequency with which people are enrolled – from monthly to twice a month. She also expressed sadness that this discussion is once again necessary and that she hopes that the situation will be addressed and resolved in a meaningful way.

Administrative Vendor Performance Report

Ms. Yates presented the latest report to the Board. All of the standards were met. The report is posted at www.mrmib.ca.gov/MRMIB/Agenda_Minutes_011608/Agenda_Item_10c_MRMIP_Admin_Vendor_Perf_for_December_2007_Summary.pdf.

Chairman Allenby asked if there were any questions or comments. There were none.

There being no further business to come before the Board, the meeting was duly adjourned at 1:28 pm.