

**Managed Risk Medical Insurance Board
March 9, 2009, Public Session**

Board Members Present: Cliff Allenby (Chairman), Areta Crowell, PhD, Sophia Chang, M.D., M.P.H., Richard Figueroa

Ex Officio Members Present: Tim LeBas, Bob Sands

Staff Present: Lesley Cummings, Executive Director; Laura Rosenthal, Chief Counsel, Seth Brunner, Senior Staff Counsel; Ernesto Sanchez, Deputy Director for Eligibility, Enrollment, and Marketing; Shelley Rouillard, Deputy Director for Benefits and Quality Monitoring; Ginny Puddefoot, Deputy Director of Office of Health Policy and Legislative and External Affairs, Kathy Dobrinen, Contract and Marketing Manager in the Eligibility Division; Thien Lam, Manager in the Eligibility Division, Tony Lee, Chief of Fiscal Services, Will Turner, Legislation, Anjonette Dillard, Policy Manager in the Eligibility Division; Maria Angel, Legal Secretary; Dana Durham, Assistant for Benefits and Quality Monitoring Division, and Stacey Sappington, Executive Assistant to the Board and the Executive Director.

Chairman Allenby called the meeting to order at 10:30 a.m. The Board then went into Executive Session. It reconvened for Public Session at 12:06 p.m.

Chairman Allenby began by introducing and welcoming Ms. Ginny Puddefoot, new Deputy Director of Health Policy, Legislation and External Affairs.

Chairman Allenby went on to note that the Board had met earlier in Executive Session and discussed the 2009-10 health, dental and vision contracts. He noted that the Board had been surprised by the estimated cost of rate increases staff had negotiated with plans. The Board has decided not to take action on plan rates at this meeting and has directed staff to explore rate reductions with the plans. The Board is concerned that without reductions it may be necessary to establish enrollment caps in order to live within appropriated funds –an action the Board would be loathe to take.

Mr. Figueroa asked if what the Board was feeling could be described as “sticker shock”. Chairman Allenby concurred.

He indicated that the Board would meet in two weeks, tentatively March 26, 2009, to approve the final negotiated rates and designate the Community Provider Plans. Ms. Cummings noted that the Board could not delay action any farther than two weeks as it takes four and a half months to implement changes once approved.

REVIEW AND APPROVAL OF JANUARY 29, 2009 PUBLIC SESSION MINUTES

The Board reviewed the minutes from the January 29, 2009 meeting and unanimously approved them.

The document is located at

http://www.mrmib.ca.gov/MRMIB/Agenda_Minutes_030909/Public_1-29-09_draft.pdf

FEDERAL BUDGET, LEGISLATION AND EXECUTIVE BRANCH ACTIVITY

August 17th, 2007 CMS Letter Update

Ms. Puddefoot reported that President Obama issued an order nullifying CMS's August 17, 2007 letter placing restrictions on states' ability to cover children with family incomes higher than 250 percent of the federal poverty level (FPL). Mr. Figueroa asked whether the President's order makes the New York lawsuit, to which California had filed an amicus brief, moot. Ms. Rosenthal replied that staff did not know the answer and would make inquiries.

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

The President's order can be found at:

http://www.mrmib.ca.gov/MRMIB/Agenda_Minutes_030909/Agenda_Item_4.a_Aug_17_CMS_Letter_Update.pdf

SCHIP Reauthorization

Ms. Puddefoot indicated that there have been a number of conversations between states and CMS reviewing the requirements of the Children's Health Insurance Program Reauthorization Act (CHIPRA). MRMIB staff had a one-on-one call with CMS identifying areas where MRMIB believes that state law changes will likely be needed. The conversations have yet to come to any conclusions.

Ms. Puddefoot reviewed a draft report prepared by Harbage Consulting for the California Healthcare Foundation that estimates the amount of federal and state for CHIP in California based upon various scenarios outlined in the report. The report concluded that California should receive adequate federal funding to fully implement CHIPRA over the next five years. This is the case even if the state claims Federal Financial Participation (FFP) for legal immigrants and expands coverage of children to 250 to 300 percent of the federal poverty level. Coverage over the next five years is estimated to

increase by up to 440,000 children and 300 pregnant women/month. Ms. Puddefoot pointed out that the amount of federal funding states receive will be periodically “re-based” to reflect actual expenditures, a feature that makes projecting funding difficult.

Ms. Puddefoot also indicated that the report estimated that the state would have savings of \$110 million claimed FFP for legal immigrants. Ms. Cummings commented that she thought the amounts were considerably less. For the Healthy Families Program, the savings would be around \$12 million annually. Staff had expected much higher amounts for Medi-Cal, but this is apparently not the case.

Chairman Allenby asked if there were any questions or comments. Dr. Chang asked if the estimate included projections of plan rate increases. Ms. Cummings responded that it did and the figures were based on the increases in past years.

This report can be found at:

http://www.mrmib.ca.gov/MRMIB/Agenda_Minutes_030909/Agenda_Item_4.b_SCHIP_Reauth.pdf

Economic Stimulus Package

Ms. Puddefoot reviewed a summary of federal funding estimates for health related provisions of the American Recovery and Reinvestment Act (ARRA), the economic stimulus package. California estimates are not yet available. She also reviewed a document from the Council of State Governments that provides a little more detail on the provisions. The major item is an increase of \$87 billion nationally for federal Medicaid match. The measure also provides \$24.7 billion nationally to fund a COBRA subsidy for unemployed workers who had had employer sponsored coverage.

Chairman Allenby asked how the COBRA provisions would be administered. Ms. Cummings deferred the question to Mr. Figueroa. Mr. Figueroa responded that the federal Departments of Labor and Treasury have issued new instructions for employers about how to implement it. They will also be conducting outreach to ensure that employers have sufficient information to implement the new changes going into effect. There will be a new COBRA open enrollment period for eligible laid off workers. The Treasury Department has issued guidelines telling employers to offset their federal employer taxes by paying the 65 percent subsidy amount upfront. It won't be easy for employers. California needs to decide whether to publicize the availability of the COBRA subsidy through the Employment Development Department. Staff have submitted inquiries to the feds about the impact on Cal-COBRA (a state enacted program like COBRA for very small employers) asking if unemployed workers of these employers will have the same open enrollment window that the feds are proposing for the larger employers. Staff think that the former employees are eligible for the subsidy, but it is unclear how the small employer would be aware of the benefit.

Ms. Cummings noted her understanding that the benefit is limited to October 2008 to December 2009. Mr Figueroa added that an unemployed worker who enrolled in the

subsidized COBRA coverage would be entitled to nine months of coverage. Ms. Cummings indicated that Rick Curtis with the Institute for Health Policy Solutions (IHPS) has been developing a proposal to provide premium assistance under CHIP and Medicaid for low income workers (who would have a difficult time paying the 35 percent for COBRA coverage). Dr. Crowell asked if the new changes would affect MRMIB in any way. Ms. Cummings replied it would not unless California chose to try to implement the IHPS proposal. Ms. Cummings had expressed the view to Mr. Curtis that there were significant operational considerations to implementing a program of such short duration. Dr. Chang commented that the COBRA subsidy provisions could reduce the demand on HFP if parents opted to continue their child's coverage under COBRA rather than through CHIP. Ms. Cummings acknowledged that children who had been covered under their parent's employer sponsored coverage had a separate right to the subsidized coverage. Mr. Figueroa commented that they would have to pay the remaining 35 percent of the cost of COBRA coverage which for family coverage could be 35 percent of \$1200 to \$1500/month. This could be quite a burden to families.

Ms. Puddefoot went on to highlight two provisions of ARRA that affect Native American children who participate in the Healthy Families program. One addresses additional property exemptions for eligibility and the other specifies the ability to choose Native American providers within a plan (if available) where the children are enrolled in non-Native American Medicaid plans.

The two documents can be found at:

http://www.mrmib.ca.gov/MRMIB/Agenda_Minutes_030909/Agenda_Item_4.c_Economic_Stimulus_Package.pdf

President Obama's Health Care Reform Proposal

Ms. Puddefoot reviewed a brief summary of the President's budget as it related to health care, noting funding of \$630 billion over the next ten years to support health care reform. The President has not made a specific proposal. Chairman Allenby noted that the funding set-aside is tied to controversial proposals related to tax adjustments.

Ms. Cummings added that the President has asked the governors of five states, including Governor Schwarzenegger, to conduct town hall meetings on health care reform in their states and report back to him on what occurred at the meetings. Mr. Figueroa added that the Governor told the President that he was happy to host a town hall meeting which will likely occur in mid-April. Apparently, the federal administration intends for the meetings to be regional so the governors of other western states will likely be participating. Many people have made inquiries about whether they can attend, but the guest list still has to be worked out with the White House.

Ms. Cummings informed the Board that she had been a presenter at a meeting for Congressional staff convened by the National Health Policy Forum. Dr. Jon Kingsdale from the Massachusetts Connector was also a presenter. Her main message to staff was that the Massachusetts experience was not automatically transferrable to other

states as conditions differ significantly across states. She provided to the staff a copy of the letter that the Pacific Business Group on Health had sent to the Board on the reasons for the demise of its small employer purchasing pool, Pac-Advantage.

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

Information provided to the Board on the President's health care reform proposal can be found at:

http://www.mrmib.ca.gov/MRMIB/Agenda_Minutes_030909/Agenda_Item_4.d_Obamas_HCR_Proposal.pdf

STATE BUDGET UPDATE

Terresa Krum gave an overview of the state budget. She pointed out that the Legislature had passed, and the Governor had signed, an 18 month budget using reductions, revenue increases, federal stimulus dollars, borrowing and funding shifts. While enacted, the budget is not completely done as the Legislature intends to review Budget Change Proposals (BCP's) and there will be adjustments pursuant to the May Revise. The budget also contains additional budget cuts as a contingency plan in case it does not receive at least \$10 billion in federal stimulus monies (the "trigger" provision). Staff does not believe that the cuts would affect MRMIB's programs. However, MRMIB's budget is affected by a state operations reduction and the Governor's furlough order which reduces employee salaries and requires that employees take two days off a month unpaid. Like other departments, MRMIB has closed its offices two days a month due to the furloughs. The SEIU Local 1000, the union under which most of MRMIB rank and file staff are covered, has negotiated a contract in which furloughs would be reduced to one day a month. The contract is awaiting ratification. Chairman Allenby asked if the ratification would make the agreement retroactive. Ms Krum answered that she did not believe so. The Administration has recently revised the furlough policy to require that departments be open all five days of the week. Thus, MRMIB will have to rotate staff furlough days. In regards to layoff notices, MRMIB had prepared them but then had been instructed to refrain from issuing them until further notice. Pursuant to the SEIU negotiated agreement, two state holidays will be eliminated pursuant to the Governor's proposal but staff will get two floating personal holidays instead. Ms. Cummings reminded the Board that the SEIU agreement still must be ratified by its members.

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

STATE LEGISLATION

Will Turner highlighted bills of interest to the Board, noting that 22 bills had been added to the legislative report since the last meeting. His review included bills in general and special sessions. February 27th marked the last date for introduction of new bills in the general session.

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

These legislative summaries can be found at:

http://www.mrmib.ca.gov/MRMIB/Agenda_Minutes_030909/Agenda_Item_6.a_State_Legislation_Regular_Session.pdf

and

http://www.mrmib.ca.gov/MRMIB/Agenda_Minutes_030909/Agenda_Item_6.b_State_Legislation_Special_Session.pdf

HEALTHY FAMILIES PROGRAM

Enrollment and Single Point of Entry Report

Ms. Lam reported that in January there were over 892,400 children enrolled in the program, with 26,400 new enrollees. The top five counties for enrollment continue to be in southern California, representing around 59 percent of total enrollment. There were over 26,000 applications processed through single point of entry.

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

The report can be found at:

http://www.mrmib.ca.gov/MRMIB/Agenda_Minutes_030909/Agenda_Item_7.a_HFP_Enrollment_Summary.pdf

Administrative Vendor Performance Report

Ms. Lam reported that the administrative vendor continued to meet performance standards in processing applications and quality standards of screening applications, eligibility determinations, and sending records to the plans.

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

The report can be found at:

http://www.mrmib.ca.gov/MRMIB/Agenda_Minutes_030909/Agenda_Item_7.b_HFP_Admin_Vendor_PerfJanuary_2009_Summary.pdf

Healthy Families Program Current Year Expenditures

Mr. Lee reported that as of March 1, 2009 costs for the Healthy Families Program were within levels budgeted. Staff believes that there will be sufficient funding for the current year. Budget staff will continue to update the Board each month on current year expenditures.

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

CHIP Reauthorization Implementation Workplan

Ms. Cummings indicated that she has asked Ms. Sarah Soto-Taylor to serve as lead on the workplan project. During the time that MRMIB was in the hiring process for the Deputy for Legislation and External Affairs, Ms. Soto-Taylor had been acting –and had done a fabulous job. Mr. Figueroa thanked her for her work.

Ms. Cummings went on to report that there have been two calls with CMS on CHIPRA. A number of issues require direction from CMS which staff there are not yet prepared to provide. One area where CMS did appear to have a definitive view was that plans would have to provide encounter and claims data to the state. CMS's views will also determine a number of implementation deadlines.

Ms. Soto-Taylor reviewed a workplan document with the Board. It summarizes provisions that affect HFP, details the deadline for implementation of the provision and identifies which divisions at MRMIB are lead for the provision.

Regarding the option to provide a dental only supplement, Ms. Cummings informed the Board that staff would not get to an assessment of the option until at least the Fall. She noted that an underlying condition for implementing the option is that a state not have any restrictions on enrollment in the base program –a requirement which could be problematic for SCHIP-only states.

During the discussion of the outreach provisions, Mr. Figueroa asked whether the outreach funds provided by CHIPRA required a state match. Ms. Cummings replied that she believes that a state match is not required. She also pointed out that the DHHS may not provide funds to the state government as CHIPRA also states that local governments and “other” agencies would be eligible for the funding.

During the discussion of the legal immigrant option, Dr. Crowell asked if staff had an estimate of the Medi-Cal savings associated with it. Ms. Cummings replied that Medi-Cal already obtains FFP for emergency services provided to legal immigrants so the savings will be less than many expect.

During the discussion of the mental health parity provision, Chairman Allenby wondered how many states have a county carve-out like HFP has. Ms. Cummings replied that she knew of no other state that did. Dr. Crowell commented that California was unique, noting its state parity law. Ms. Rosenthal stated that the state parity law is more limited in scope than that required under CHIPRA. Dr. Crowell replied that the SED carve-out complicates the issue of cost. She does not consider the state and federal parity laws to be very different and the CHIPRA provision would have only a minimal fiscal impact if it weren't for the carve out implications.

Board members complimented Ms. Soto-Taylor on a job well done. Chairman Allenby asked if there were any other questions or comments. There were none.

The workplan can be found at:

http://www.mrmib.ca.gov/MRMIB/Agenda_Minutes_030909/Agenda_item_7.f_SCHIP_Reauth_2009_Implementation_Timeline_v4_3-4-09.pdf

Advisory Committee on Quality Update

Ms. Rouillard reported that the Advisory Committee on Quality met on February 5th. The meeting's focus was on performance improvements. Members discussed how HFP might start asking plans for performance improvement plans based on HEDIS and CAHPS scores. One area of concern was the number of plans with low scores on the HEDIS measure of access to primary care practitioners. The data shows that several plans indicate that 20-25 percent of their enrollees do not see a doctor for any reason during the year. Staff will schedule meetings with some of the high performing plans to identify best practices in getting children in to see their providers.

Members discussed whether the commercial population is an appropriate benchmark for the Healthy Families Program, concluding that it was appropriate given that plans should be going for the higher standard. The group discussed plan performance goals as well as measurement tools. Members thought HFP should have improvement goals both for high performing plans as well as low performing plans. Members wondered whether some plans have low scores because of poor data collection systems, concluding that this also could be an area of improvement given that you can't improve what you can't measure. Members also suggested that HFP focus on plan improvements in assuring that adolescents are counselled on risky behaviors.

The Committee discussed the possibility of recognizing high performing plans at MRMIB's Board meetings. Staff is planning to do so at the April meeting.

Next steps for the panel include assessing how high performing plans were being successful and sharing that information with lower performing plans to increase their performance. Staff will also have a conference call with plans to relate expectations and quality improvement goals. The goal is to have specific standards for the contract year beginning 2010. The panel's next meeting is scheduled for March 26.

Ms. Cummings added that CHIPRA requires CMS to establish standards for child health indicators and also requires the IOM and the GAO to study and make recommendations on the topic.

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

Federal Annual Report

Shelley Rouillard informed the Board that MRMIB had submitted the 2007 Federal Annual Report to CMS. The document is 400 pages and takes incredible staff effort to put together. She credited Ruth Jacobs, who coordinated preparation of the report, on her excellent work. She then reviewed with the Board one section of the report that

identifies program challenges and accomplishments. She noted that the full report is available on MRMIB's website. Dr. Crowell asked for a hard copy of the report.

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

This report can be found at:

http://www.mrmib.ca.gov/MRMIB/Agenda_Minutes_030909/Agenda_Item_7.h_Federal_Annual_Report_2-11-09_FINAL.pdf

ACCESS FOR INFANTS AND MOTHERS (AIM)

Enrollment Report

Kathi Dobrinen reported on AIM enrollment. In January there were 769 new subscribers enrolled in the program. The program has 6,959 subscribers currently enrolled. The majority of enrollment continued to be Latina. Los Angeles, San Diego and Orange Counties are still the top three counties, and they represent roughly 48 percent of the enrollment. The health plans subscribers are enrolled in did not significantly change compared to last month.

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

This report can be found at:

http://www.mrmib.ca.gov/MRMIB/Agenda_Minutes_030909/Agenda_Item_8.a_AIM_Enrollment_Summary.pdf

Administrative Vendor Performance Report

Ms. Dobrinen reported that the administrative vendor continued to meet all the seven areas of performance and quality accuracy standards.

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

This report can be found at:

http://www.mrmib.ca.gov/MRMIB/Agenda_Minutes_030909/Agenda_Item_8.b_AIM_Admin_Vendor_Perf_January_2009_Summary.pdf

Financial Report

Mr. Lee reported on the fund balance for AIM. Chairman Allenby asked if there were any questions or comments. There were none.

This report can be found at:

http://www.mrmib.ca.gov/MRMIB/Agenda_Minutes_030909/Agenda_Item_8c.pdf

MAJOR RISK MEDICAL INSURANCE PROGRAM (MRMIP)

Enrollment Report and Update on Enrollment Cap and Waiting List

Anjonette Dillard reported that MRMIP had an enrollment of 6,949 as of February 1 .The wait list had 62 people on that date. As of the first week of March, the wait list declined to 49 as the vendor offered enrollment effective March 27th.

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

The reports can be found at:

http://www.mrmib.ca.gov/MRMIB/Agenda_Minutes_030909/Agenda_Item_9.a_MRMIP_Enrollment_Summary.pdf

and

http://www.mrmib.ca.gov/MRMIB/Agenda_Minutes_030909/Agenda_Item_9.b_MRMIP_Wait_List.pdf

Administrative Vendor Performance Report

Ms. Dillard reported that the vendor had met all performance standards.

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

This report can be found at:

http://www.mrmib.ca.gov/MRMIB/Agenda_Minutes_030909/Agenda_Item_9.c_MRMIP_Adm_Vendor_Perf_January_2009.pdf

Financial Report

Mr. Lee reported on the fund balance for MRMIP. Chairman Allenby asked if there were any questions or comments. There were none.

This report can be found at:

http://www.mrmib.ca.gov/MRMIB/Agenda_Minutes_030909/Agenda_Item_9d.pdf

There being no further business to come before the Board, Chairman Allenby duly adjourned the meeting at 1:09 p.m.