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**MEMORANDUM**

DATE: April 11, 2012  
TO: MRMIB Members  
FROM: Jeanie Esajian, Deputy Director for Legislation and External Affairs  
SUBJECT: MRMIB Media Report for March – April 2012

A handwritten signature in black ink, appearing to be "JE", located to the right of the "FROM" field.

The last month was a light media period with coverage focusing on the following:

- PCIP's role in the anniversary of the Affordable Care Act
- Administration proposals for the Healthy Families Program
- Legislative proposals affecting a MRMIB program

During the past month, three reporters contacted MRMIB. These reporters represented the following media outlets: the Los Angeles Times (newspaper), San Francisco Chronicle (newspaper) and the Wall Street Journal (newspaper).

Reporters requested information about PCIP, including information on funding, the program and enrollment figures. MRMIB's Executive Director, Janette Casillas was also interviewed.

In addition to responding to media inquiries, External Affairs staff also posted to a blog about PCIP's accomplishments for the Insure the Uninsured Project's webpage on the second anniversary of the ACA.

If you have any questions or comments regarding these articles, please feel free to contact me at (916) 324-0571 or at [jesajian@mrmib.ca.gov](mailto:jesajian@mrmib.ca.gov).



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## The ACA and California's Pre-Existing Condition Insurance Plan

March 20, 2012 Posted by [Kandis Driscoll](#) under [Blog](#)

*Today's guest blog was written by Sarah Smith, Information Officer for the Managed Risk Insurance Board (MRMIB). MRMIB is dedicated to improving the health of California by increasing access to affordable, comprehensive and quality health care coverage. The Board operates the Healthy Families Program, Access for Infants and Mothers, the Major Risk Medical Insurance Program, and the Pre-Existing Condition Insurance Plan.*

Since opening on October 25, 2010, California's Pre-Existing Condition Insurance Plan has achieved a number of successes. The state's PCIP has lowered premiums, provided much needed care to thousands of uninsured Californians and increased enrollment.

In 2011, the Managed Risk Medical Insurance Board was able to lower premiums for the plan for most age groups, leading to a premium reduction of 18 percent on average. In an interview with the LA Times, a PCIP subscriber said, "I'm 54 and this is the first time I've ever had a medical insurance rate go down...It's unbelievable."

By evaluating the types of benefits PCIP subscribers are using, MRMIB has learned that the plan is serving its intended purpose to insure those who need medical care the most. Many PCIP subscribers previously had not had access to medical care because they were unable to obtain health coverage. In addition to preventive care, PCIP subscribers are using the plan to obtain treatment for life-threatening and chronic conditions like cancer, diabetes and heart disease.

On December 31, 2011, the federal government confirmed that California's PCIP has more enrollees than any other state, with 5,599 subscribers. This enrollment figure has grown since then and as of March 13, 2012, there are 8,397 PCIP subscribers in California.

MRMIB continues its marketing and outreach efforts to ensure that more Californians are aware of PCIP as a coverage option. Watch for PCIP messages at events in your communities, on the Internet and in your local media. Help spread the word about California's PCIP: [Like us](#) on Facebook and [follow us](#) on Twitter! For more information about PCIP, please go to [www.pcip.ca.gov](http://www.pcip.ca.gov).

# WALL STREET JOURNAL

## Health Law Slow to Win Favor

### Some Provisions Stumble in Practice

By JANET ADAMY and LOUISE RADNOFSKY

When the health-care overhaul became law after a bitter debate, many Democrats predicted Americans would grow to like it as they started enjoying some of the early benefits.

The day after the president signed the bill into law, which happened exactly two years ago, an average of major polls collated by the website Real Clear Politics showed 50.4% of Americans opposed. This week, that had changed only by a tenth of a percentage point, ticking up to 50.5%.

#### The Health-Care Debate

Read a timeline of events surrounding President Barack Obama's health-care legislation, from the bill's path through Congress to continuing legal challenges.

The health law remains a tough sell for reasons that go beyond the drumbeat from Republicans for its repeal and questions about its constitutionality that will be debated next week at the Supreme Court. Several of the law's early pieces, designed to win public support, haven't worked as well in the real world as on paper and have irked even some of the Americans they were designed to help.

Some elements have been a success. An estimated 2.5 million young adults have gained coverage from the provision saying children can stay on their parents' plan until they turn 26, and Medicare beneficiaries have saved on prescription drug costs.

But, among some other less-successful provisions, an insurance plan designed to help the sick and uninsured before the full impact of the law kicks in has drawn only a fraction of the expected participants, because of high premiums and strict enrollment rules. Some states have already burned through federal cash allotted to them as costs have come in higher than anticipated.

Francee Levin, a 59-year-old artist in Columbia, S.C., said in March 2010 that she thought the law would be a "godsend." Injuries from being hit by a drunken driver had left her unable to find coverage. But when Ms. Levin looked into South Carolina's version of the plan, she decided she couldn't afford the premiums of \$650 a month.

She rolled the dice and remained uninsured. Last month, just after Ms. Levin had given a class at a middle school, her heart suddenly stopped and had to be restarted with a defibrillator. Early

bills from her two-week stay in the hospital, including helicopter transportation and six days on life support, top \$10,000.

Another piece of the law that seemed like a winner—eliminating co-payments for preventive health services—spawned a religious battle over contraception coverage that has turned some Catholic leaders against the Obama administration. That happened after an advisory body deemed contraception preventive care.

The law's curbs on how severely insurers can limit annual claims payouts sparked a backlash, with the administration giving 1,231 employers and insurers waivers after some companies threatened to drop coverage altogether.

In addition, federal officials halted the creation of a long-term-care insurance program several months ago after deeming it financially unsustainable.

President Barack Obama doesn't plan to tout the law publicly on Friday, the second anniversary of his signing the bill. A senior administration official said his involvement politicizes the matter, which makes it all but impossible to change negative public opinion about the law.

There is little doubt some elements of the health overhaul have worked as well as or better than planned. In Medicare, for instance, more than five million seniors and people with disabilities have saved more than \$3.2 billion on prescription-drug costs, the administration calculates. Millions more people have stopped needing to make co-payments for preventive health services, under the law.

Supporters of the law note that its biggest benefit and central purpose—expanding insurance coverage through a variety of means to an expected 30 million Americans—isn't set to start until 2014.

"Over time, as it gets implemented, I think people will say this was the right thing to do," President Obama told American Public Media's "Marketplace" radio program in an interview Wednesday. He noted that Social Security was controversial when it first started but became popular once people experienced the benefits.

Democrats intentionally packed the law with early provisions they thought would win over skeptical Americans before the 2012 election. That tactic hasn't worked.

"This law has failed to live up to the promises the president made about it," said Senate Republican Leader Mitch McConnell of Kentucky. "The fact that it did the opposite of what he promised means it should be repealed."

The insurance plans for those whose illness or medical condition is keeping them from getting coverage illustrate the problems the health law faces.

Knowing that the full impact of the law wouldn't begin for years, Democrats wanted to give sick, uninsured people a path toward coverage right away. Democrats set aside \$5 billion for states to create high-risk pools that would accept insurance applicants regardless of their medical records. Republicans supported the idea of covering the uninsured using such a mechanism.

The chief actuary for Medicare and Medicaid predicted 375,000 Americans would enroll in the pools by the end of 2010. The actuary estimated that expected medical expenses would exhaust the funding in about half its projected lifetime, which extends to the start of 2014 when different provisions apply to these people.

Federal health officials set strict rules for enrollment in the high-risk pools, among them a requirement that applicants had been uninsured for six months.

Keith Watson, a 57-year-old Chicago freelance writer, jumped at the idea. Though mostly healthy, he has a retinal ailment, and at least one company from which he sought insurance refused to cover treatments related to the condition.

To get coverage, Mr. Watson had enrolled at a local higher-education institution and signed up for one class each semester to make himself eligible for the school's student insurance plan. He called Illinois's high-risk pool last year to see if he could switch.

"I would love to get into that plan because, let's face it, I don't have to do any subterfuge," Mr. Watson said. He learned he would have to forgo insurance for six months to apply, and said he couldn't justify the risk.

"I hate to be so cynical about the whole thing," said Mr. Watson, who says he voted for Mr. Obama in 2008 and continues to support the president. The risk pool "seems designed to thwart people to use it." He is spending \$4,300 a year on the classes plus \$1,200 for his student insurance plan.

Some states worried that sick applicants would quickly drain their risk pools, and 23 states eventually chose to let the federal government run the pools instead. When the pools began opening in summer 2010, some premiums reached as high as \$900 per month.

By the end of 2011, the number of Americans enrolled in the pools was 48,879—less than one-seventh the initial federal projection. To draw more people, federal officials lowered premiums for those state plans they manage, by nearly 20%, and added more options.

The Obama administration says the program is fulfilling its goal. Officials point to Americans who have received lifesaving care covered under the plan.

Spike Dolomite Ward, the 49-year-old head of a nonprofit in San Fernando Valley, Calif., became a high-profile backer of the law last year when she enrolled in her state's pool after finding out she had breast cancer.

Ms. Ward had been uninsured for two years after her husband lost his employer-based insurance and the family was unable to keep paying \$1,300 a month for insurance through Cobra, a federal program that lets former employees continue to buy coverage under their old plan for a period.

Ms. Ward wrote an open letter to Mr. Obama—published as an op-ed piece in the Los Angeles Times in December—apologizing for initially criticizing the health overhaul. She had wanted public health care for all Americans.

"What the lefties need to understand is that it's miraculous that this much happened," said Ms. Ward in an interview. In the state high-risk pool, she pays a \$306 monthly premium and has a \$2,500 annual deductible.

Virginia Ingersoll, a former insurance agent, obtained coverage through such a pool after being uninsured for 14 months.

The 60-year-old was diagnosed with stage 4 colon cancer in 2005, and in 2010, following her fourth surgery, gave up her work in Albany, N.Y., and moved in with her sister in Suffolk, Va. Ms. Ingersoll had stayed on her former employer's plan through Cobra, but she says the plan didn't allow her to remain covered once she moved out of state.

In a high-risk pool, Ms. Ingersoll has coverage with a \$1,000 annual deductible and a monthly premium of \$401, which she says she can afford because she lives with her sister. "It is available. But it is expensive," she said.

In California, the state-run high-risk pool has 8,691 enrollees, lower than the state had predicted, said Janette Casillas, executive director of the state's Managed Risk Medical Insurance Board.

Officials at the California program expected enrollees to incur claims of around \$1,100 a month, she said. But participants, most of whom were already sick, rushed to get care they had postponed while uninsured.

As a result, the program's average monthly claim costs are triple what officials projected. California, which received an initial \$761 million federal allocation for the program, has already gotten an additional \$118 million of federal dollars.

Supporters of the health law say it remains unpopular with many voters because it has become a proxy for broader unease with the Obama administration. Some accuse Republicans of misleading the public about what the law does. They also say that opponents of the law have bested supporters in shaping public opinion, in part by heavier advertising spending.

"The one significant failing of the administration I would point to is the failure to lead a more robust national effort to educate the public about what's in the law," said John McDonough, a former Senate Democratic aide who helped write the law. He is now a professor at the Harvard School of Public Health. "I think a lot of Americans have gotten this benefit and have no idea it comes from the" law, he said.

Jonathan Gruber, a professor of economics at Massachusetts Institute of Technology who also helped design the law, recently released a comic book explaining how it works, in an attempt to cut through its complexity.

Republicans say they are simply pointing out the law's result, and say the outcome will get worse if the full overhaul takes effect. "The more we get to know what's in it...the more we think it's going to be the fiscal ruin of our country," said Gary Herbert, the Republican governor of Utah, one of the states challenging the law at the Supreme Court.

A senior Obama administration official said the only solution is for more provisions of the law to take effect in 2014, in particular the health exchanges to shop for plans and the subsidies for low-income people that start that year.

—*Laura Meckler contributed to this article.*

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March 23, 2012 - Capitol Desk

## Legislative Hearing Looks at Transition Plans

by David Gorn

During a Senate subcommittee review of a number of state health care proposals yesterday, one theme seemed to stand out: People are unhappy with them.

The budget subcommittee on Health and Human Services heard proposals by the Department of Health Care Services to cut health plan rate reimbursement for Healthy Families' children by 25%. In addition, DHCS intends to move 900,000 children from that program into Medi-Cal managed care. The committee also heard from a long parade of people who opposed those proposals.

After all the testimony and acrimony, subcommittee chair Mark DeSaulnier (D-Concord) didn't quite know what to say.

"Well, Mr. Douglas," he finally said wryly to DHCS director Toby Douglas, "congratulations, at least, on your efforts to stimulate discussion."

Much of the controversy revolves around the state's effort to shift care for almost a million children in Healthy Families, California's federally subsidized Children's Health Insurance Program run by the Managed Risk Medical Insurance Board. DHCS wants to shift those children into Medi-Cal managed care, which has a lower reimbursement rate.

Most of the opposition centered on disruption in the continuity of care for those children, and the possibility that many of those children will have to find new providers.

"We oppose this proposal, and we're particularly concerned about those children in Kaiser care," according to Jessica Rothhaar of PICO California (the organization formerly known as Pacific Institute for Community Organizations). "Also in any areas currently without managed care, where children would have to change doctors."

Rothhaar said trying to transition 900,000 children all at once is problematic.

A different plan outlined by the Urban Institute won support in a recent report from the state legislative Analyst's Office. The Institute recommended more of a phased-in approach, with a smaller group of more-easily-transitioned children going first, what it called the Bright Line children.

"We are very concerned about continuity of care and access to care," Teresa Stark of Kaiser Permanente said. "When you look at this through the lens of health care reform, there are many options available. And managed care is only one of them."

"I would say that 900,000 kids is a big concern," Randy Perry of the California Children's Hospital Association said. "And care could be compromised for a lot of these kids."

Nick Louizos, representing the California Association of Health Plans, said he didn't know how health plans could continue to provide the same services with a 25% cut in rates.

"The rate cut is just massive in its scope," Louizos said. "It's not reasonable to think health plans could just absorb this."

The subcommittee left all the matters open without any kind of decision. DeSaulnier said discussion will continue through the spring.

"This [Healthy Families] program is one that's been very successful, so I have a great deal of apprehension about [changing] it," DeSaulnier said. "We will leave it open and take it up again in May."

Read more: <http://www.californiahealthline.org/capitol-desk/2012/3/healthy-families-future-discussed-in-hearing.aspx?p=1#ixzz1pxTks0Rv>

March 28, 2012 - Capitol Desk

## Changes Intended to Smooth MRMIP Operation

by David Gorn

Assembly member Bill Monning (D-Carmel) is chair of the Assembly Committee on Health, but at yesterday's meeting he went to the other side of the dais to present a piece of new legislation.

Monning's AB 1526 would eliminate the annual and lifetime limits on coverage in the Major Risk Medical Insurance Program, popularly known as MRMIP.

"This bill is related to two goals I've had since I started in the Assembly. And number one is to make MRMIP more affordable for people who are in dire need of it," Monning said. "And the other goal was, to actually meet Mister Mip."

Monning said the change is temporary but necessary because people who exceed the spending caps are really sick -- so it's the time they need that coverage most.

"This is a program for people who are essentially uninsurable," Monning said. "When the Affordable Care Act is implemented [in 2014], insurers will no longer be able to deny coverage for preexisting conditions. But in the meantime, this helps make the program a little more affordable, eliminates the caps on catastrophic illness and also eases some of the paperwork to become eligible."

Jeanie Esajian, deputy director for legislation and external affairs at MRMIB -- the Managed Risk Medical Insurance Board -- which oversees MRMIP, explained that the board endorsed elimination of the cap limits, as well as allowing a letter from a licensed care provider qualify an applicant for eligibility, rather than the current system, which requires a denial from an insurance company.

"Only about 1% of our clients reach the benefit limit," Esajian said. "The people who do reach that limit often have to forgo needed health care or incur substantial cost [to get it]."

"It's rare for people to exceed the \$75,000 cap, but when they do it's disastrous," Monning said. "When these limits hit, they hurt and hurt badly."

AB 1526 was passed and now heads to Assembly Appropriations.

Read more: <http://www.californiahealthline.org/capitol-desk/2012/3/assembly-bill-aims-to-lift-mrmip-caps.aspx?p=1#ixzz1qRGHq8t7>