

The Managed Risk Medical Insurance Board 2012-13 Governor's May Revision Overview

Significant Budget Assumptions/Proposals

Healthy Families Program (HFP)

- The budget continues to propose a reduction in the per member per month rates paid to health, dental and vision plans for the HFP to the average, combined Medi-Cal rate of \$83.91 (previously \$76.86) effective October 1, 2012.
- The budget continues to propose the transition of HFP children to Medi-Cal beginning October 2012. Effective October 1, 2012, any new HFP eligible children except AIM-Linked infants above 250% FPL will enroll directly into Med-Cal. The transfer of existing enrollment will occur as shown in the table below. Please note that the transition schedule has been revised and the caseload impact has been updated based on the 2012 May Revision.

Phase	Transition Period	Impacted Subscribers	# Impacted
1	10/01/2012	Direct Match (Managed Care)	414,583
2a	01/01/2013	Subcontractors (Managed Care)	248,848
2b	3/2013-5/2013	Remaining COHS, Non-contracted, and Subcontracted Managed Care Plan	172,674
3	6/01/2013	FFS counties	43,034
Total			879,139

- The budget discontinues the premium increase and co-payment increase proposals.
- The budget includes a slight decrease in the amount of MCO tax funding available in the budget year, as more funding is needed for the current year.

Access for Infants & Mothers (AIM)

The budget continues to propose the transition of the AIM program to DHCS by July 1, 2013, however, no specifics regarding when or how this transition will occur have been provided. AIM caseload and costs have been revised to reflect the most recent experience.

Major Risk Medical Insurance Program (MRMIP)

The budget continues to propose the transition of the MRMIP program to DHCS by July 1, 2013, however, no specifics regarding when or how this transition will occur have been provided. MRMIP caseload and costs have been revised to reflect the most recent experience. In addition, revenue associated with SB 1379 (Managed Care Administrative Fines and Penalties Fund by DMHC) has increased slightly and Proposition 99 funding has increased slightly.

Pre-Existing Condition Insurance Plan (PCIP)

The budget continues to propose the transition of the PCIP program to DHCS by July 1, 2013, however, no specifics regarding when or how this transition will occur have been

provided. Please note that the Affordable Care Act (ACA) requires transition of the PCIP program to the California Health Benefit Exchange by 1/1/2014.

County Children's Health Initiative Matching Fund Program (CHIM)

The budget continues to propose the transition of the CHIM program to DHCS by July 1, 2013, however, no specifics regarding when or how this transition will occur have been provided. CHIM caseload and costs have been revised to reflect the most recent experience.

2012-13 Enrollment Levels by Program

Healthy Families Program (HFP)

MRMIB projects a year-end total enrollment of 878,112 subscribers in the budget year 2012-13. This is an increase of 5,185 subscribers compared to the 872,927 projected subscribers for the current year 2011-12 in the May Revision. This increase in enrollment results in a budget year total growth rate of 0.6 percent over the current year. This year-end enrollment estimate is based on the full caseload. Based upon the proposal to transition Healthy Families subscribers to Medi-Cal, all HFP children will transition into Medi-Cal beginning October 1, 2012 and be completed by June 1, 2012, except 3,827 AIM-Lined infants above 250% FPL, which will remain in the HFP.

Access for Infants and Mothers Program (AIM)

For 2012-13, MRMIB projects a total annual enrollment of 10,739 subscribers. The May Revision assumes no caseload growth in the budget year over the current year.

Major Risk Medical Insurance Program (MRMIP)

In the current year, the Major Risk Medical Insurance Program has funding for 8,000 subscribers. As of March 31, 2012, there were 6,051 subscribers and no waitlist.

Pre-Existing Condition Insurance Plan (PCIP)

California was granted an additional \$118 million on top of the initial allocation for 2012 and received authorization to roll over unspent 2011 dollars. This should be sufficient to continue enrolling all new eligible individuals. As of March 31, 2012, there were 9,202 subscribers.

County Children's Health Initiative Matching Fund Program (CHIM)

For 2012-13, MRMIB projects a total annual enrollment of 1,694 subscribers. The May Revision assumes no caseload growth in the budget year over the current year.

MRMIB Budget by Fund Source*

Fund Source	Governor's May Revision FY 2012-13	Funding Needed	
		If No Changes FY 2012-13	Bright Line FY 2012-13
General Fund (GF)	\$160,716	\$384,106	\$338,974
Federal Funds (FF)	\$741,801	\$1,156,668	\$1,072,850
Special Funds and Reimbursements	\$119,419	\$119,419	\$119,419
Total Funds	\$1,021,936	\$1,660,193	\$1,531,244

State Operation by Program*

Program Title	Governor's May Revision FY 2012-13	Funding Needed	
		If No Changes FY 2012-13	Bright Line FY 2012-13
HFP	\$9,461	\$9,461	\$9,461
AIM	\$1,055	\$1,055	\$1,055
CHIM	\$486	\$486	\$486
MRMIP	\$1,324	\$1,324	\$1,324
PCIP	\$3,503	\$3,503	\$3,503
Total State Operations – All Funds	\$15,829	\$15,829	\$15,829

State Operation by Fund Source*

Fund Source	Governor's May Revision FY 2012-13	Funding Needed	
		If No Changes FY 2012-13	Bright Line FY 2012-13
General Fund (GF)	\$2,380	\$2,380	\$2,380
Federal Funds (FF)	\$11,044	\$11,044	\$11,044
Special Funds and Reimbursements	\$2,405	\$2,405	\$2,405
Total State Operations – All Funds	\$15,829	\$15,829	\$15,829

Local Assistance by Program*

Program Title	Governor's May Revision FY 2012-13	Funding Needed	
		If No Changes FY 2012-13	Bright Line FY 2012-13
HFP	\$487,803	\$1,126,060	\$997,110
AIM	\$129,727	\$129,727	\$129,727
CHIM	\$1,771	\$1,771	\$1,771
MRMIP	\$41,691	\$41,691	\$41,691
PCIP	\$345,115	\$345,115	\$345,115
Total Local Assistance – All Funds	\$1,006,107	\$1,644,364	\$1,515,414

Local Assistance by Fund Source*

Fund Source	Governor's May Revision FY 2012-13	Funding Needed	
		If No Changes FY 2012-13	Bright Line FY 2012-13
General Fund (GF)	\$158,336	\$381,726	\$336,594
Federal Funds (FF)	\$730,757	\$1,145,624	\$1,061,806
Special Funds and Reimbursements	\$117,014	\$117,014	\$117,014
Total Local Assistance – All Funds	\$1,006,107	\$1,644,364	\$1,515,414

*Dollars in thousands

Legislative Actions on MRMIB Budget

Program	Issues	2012 Governor's May Revision	Senate Budget Subcommittee	Assembly Budget Subcommittee	Difference
HFP	Transition Healthy Families Program (HFP) to Medical	<p>The Governor's January Budget proposed to shift all HFP children into Medi-Cal over a nine-month period beginning in October 2012. Approximately 878,000 eligible enrollees would move to Medi-Cal in phases between October 2012 and June 2013.</p> <p>The updated estimates in the May Revision for the transition and rate reduction proposals result in a total savings of \$48.6 million General Fund savings (the January estimate was \$64.4 million General Fund savings).</p>	<p>Rejected 2-1 On May 21, 2012, the Senate Subcommittee voted to adopt placeholder trailer bill language to shift HFP children with incomes under 133% of the federal poverty level (or in families with Modified Adjusted Gross Income under 138% of the FPL) to Medi-Cal beginning October 2012.</p>	<p>Rejected 3-1 On April 16, 2012, the Assembly Budget Subcommittee voted to reject the Governor's January Proposal and adopt placeholder trailer bill language to shift HFP children with incomes under 133% of the federal poverty level to Medi-Cal.</p>	<p>Yes. Senate has approved May Revision caseload changes. Assembly has not heard May Revision. Yet.</p>
HFP	Healthy Families Plan Rate Reduction	<p>The Governor's January Budget required the Managed Risk Medical Insurance Board (MRMIB) to negotiate managed care health plan capitation rates for children receiving health care services in the HFP at a statewide weighted average capitation rate that is less than or equal to the statewide average capitation rate established by the Department of Health Care Services (DHCS) for health benefits for children up to age 19 in the Medi-Cal program.</p> <p>The updated estimates in the May Revision for the transition and rate reduction proposals result in a total savings of \$48.6 million General Fund savings (the January estimate was \$64.4 million General Fund savings).</p>	<p>Rejected. 2-1. On May 21, 2012, the Senate Subcommittee voted to reject the proposal to reduce HFP plan rates.</p>	<p>Held Open. On April 16, 2012, the Assembly Budget Subcommittee left this item open.</p>	<p>Yes.</p>
HFP	Healthy Families Program (HFP) Caseload Update	<p>The May revision reflects an increase in General Fund due to HFP enrollees selecting higher cost plans and increased program expenditures due to wraparound payments to Federally Qualified Health Centers and Rural Health Clinics (\$3.1 million increase in the General Fund). Costs also increased due to elimination of proposals to increase premiums and copayments.</p>	<p>Approved. 3-0 On May 21, 2012, the Senate Subcommittee approved this change.</p>	<p>Not heard yet.</p>	<p>Yes.</p>

Program	Issues	2012 Governor's May Revision	Senate Budget Subcommittee	Assembly Budget Subcommittee	Difference
HFP	Managed Care Organization (MCO) Tax General Fund Offset -- Technical Adjustment	The May Revision reflects an increase of \$2.6 million General Fund as a result of a reduction of managed care organization (MCO) tax revenue carryover from the current year.	Approved. 3-0. On May 21, 2012, the Senate Subcommittee approved this change.	Not heard yet.	Yes.
CHIM	County Health Initiative Matching (CHIM) Fund Caseload Update	The May Revision reflects an increase to the CHIM Fund (\$15,000) and federal funds (\$29,000) as a result of a slight increase in program enrollment.	Approved. 3-0. On May 21, 2012, the Senate Subcommittee approved this change.	Not heard yet.	Yes.
AIM	Access for Infants and Mother (AIM) Program Caseload and Funding Update	The MRMIB is no longer pursuing the option of using Medi-Cal's fee-for-service network. The May Revision includes adjustments to the AIM budget to reflect a shift of program funding from state funds to federal funds and a reduction in Prop 99 revenue transfers due to a decrease in program costs related to this policy change.	Approved. 3-0. On May 21, 2012, the Senate Subcommittee approved this change.	Not heard yet.	Yes.
MRMIP	Major Risk Medical Insurance Program (MRMIP)	As a condition for obtaining federal funding for the Pre-Existing Condition Insurance Plan (PCIP), the State must appropriate the MRMIP annual funding of \$31.8 million. Consequently, the May Revision requests an increase in Prop 99 funds (\$226,000) to ensure that this requirement is met.	Approved. 3-0. On May 21, 2012, the Senate Subcommittee approved this change.	Not heard yet.	Yes.
TBL	Transfer of MRMIB Programs to the Department of Health Care Services and Elimination of MRMIB	The Administration proposes trailer bill language to eliminate MRMIB and transfer its programs to DHCS. Specifically, the Healthy Families Program would transfer to DHCS beginning October 2012. The remaining programs, the County Children's Health Initiative Program (CHIM); Access for Infants and Mothers Program (AIM); Major Risk Medical Insurance Program (MRMIP); and Pre-Existing Conditions Insurance Plan (PCIP) would transfer to DHCS effective July 1, 2013.	Rejected. 3-0. On May 21, 2013, the Senate Subcommittee voted to reject this proposal. MRMIB will continue to oversee HFP as well as other programs.	Heid Open. On April 16, 2012, the Assembly Budget Subcommittee left this item open.	Yes.

OSI Project Management of CalHEERS

Section 12803.2 is added to the Government Code, to read:

12803.2.

(a) There is hereby continued in the State Treasury, the Office of Systems Integration Fund which shall be hereafter known as the California Health and Human Services Automation Fund. The moneys in the fund shall be available upon appropriation by the Legislature for expenditure by the Office of Systems Integration, established pursuant to Section 12803.3, for support of that office.

(b) The fund shall consist of all of the following:

(1) All moneys appropriated to the fund in accordance with law.

(2) The balance of all moneys available for expenditure by the Systems Integration Division of the California Health and Human Services Agency Data Center.

(3) The amount of funding transferred from the California Health and Human Services Agency Data Center Revolving Fund and the Department of Technology Services Revolving Fund to this fund shall be determined by the Department of Finance.

(4) Funds appropriated to the State Department of Social Services in the annual Budget Act for the management, including as needed, procurement, design, development, testing, implementation, oversight, and maintenance, of the following projects shall be transferred to this fund upon order of the Department of Finance:

(A) Statewide Automated Welfare System (SAWS) including WCDS, C-IV, LEADER, LRS, and the migration of C-IV to LRS pursuant to chapter xxxx.

(B) Child Welfare Services/Case Management System (CWS/CMS).

(C) Electronic Benefit Transfer (EBT).

(D) Statewide Fingerprinting Imaging System (SFIS).

(E) Case Management Information Payrolling System (CMIPS) Reprourement.

(5) (A) Funds appropriated to the Employment Development Department in the annual Budget Act for the management, including procurement, design, development, testing, implementation, oversight, and maintenance, of the Unemployment Insurance Modernization project shall be transferred to the fund upon order of the Department of Finance.

(B) On or before full expenditure of federal Reed Act funds, the Department of Finance and the Employment Development Department shall determine the appropriate timeframe to transfer the project management and the associated resources for the Unemployment Insurance Modernization Project to the Employment Development Department.

(6) Funds appropriated to the Department of Health Care Service, the Managed Risk medical Insurance Board, or to the California Health Benefit Exchange in the annual Budget Act or in an inter-agency agreement for the management, including procurement, design, development, testing, implementation, oversight, and maintenance of the California Healthcare Eligibility, Enrollment and Retention System project shall be transferred to the fund upon order of the Department of Finance.

Section 12803.3 of the Government Code is amended to read:

12803.3. (a) For purposes of this section, the following definitions shall apply:

(1) "Director" means the Director of the Office of Systems Integration.

(2) "Office" means the Office of Systems Integration.

(3) "Services" means project management and all other activities that are related to state-managed information technology projects or systems. ~~all functions, responsibilities, and services deemed to be functions, responsibilities, and services of the Systems Integration Division, also known as Systems Management Services, of the California Health and Human Services Agency Data Center, as determined by the Secretary of California Health and Human Services.~~

(b) (1) The Systems Integration Division of the California Health and Human Services Agency Data Center is hereby transferred to the California Health and Human Services Agency and shall be known as the Office of Systems Integration. The Office of Systems Integration shall be the successor to, and is vested with, all of the duties, powers, purposes, responsibilities, and jurisdiction of the Systems Integration Division of the California Health and Human Services Agency Data Center.

(2) Notwithstanding any other law, all services of the Systems Integration Division of the California Health and Human Services Agency Data Center shall become the services of the Office of Systems Integration.

(c) The California Health and Human Services Agency may direct the Office to provide services to any information technology project within any department, office or unit within the agency.

(e-d) The office shall be under the supervision of a director, known as the Director of the Office of Systems Integration, who shall be appointed by, and serve at the pleasure of, the Secretary of California Health and Human Services.

(de) No contract, lease, license, or any other agreement to which the California Health and Human Services Data Center is a party on the date of the transfer as described in paragraph (1) of subdivision (b) shall be void or voidable by reason of this section, but shall continue in full force and effect. The office shall assume from the California Health and Human Services Data Center all of the rights, obligations, and duties of the Systems Integration Division. This assumption of rights, obligations, and duties shall not affect the rights of the parties to the contract, lease, license, or agreement.

(ef) All books, documents, records, and property of the Systems Integration Division shall be in the possession and under the control of the office.

(fg) All officers and employees of the Systems Integration Division shall be designated as officers and employees of the agency. The status, position, and rights of any officer or employee shall not be affected by this designation and all officers and employees shall be retained by the agency pursuant to the applicable provisions of the State Civil Service Act (Part 2 (commencing with Section 18500) of Division 5), except as to any position that is exempt from civil service.

(gh) (1) All contracts, leases, licenses, or any other agreements to which the California Health and Human Services Data Center is a party regarding any of the following are hereby assigned from the

California Health and Human Services Data Center to the office:

- (A) Statewide Automated Welfare System (SAWS).
- (B) Child Welfare Services/Case Management System (CWS/CMS).
- (C) Electronic Benefit Transfer (EBT).
- (D) Statewide Fingerprinting Imaging System (SFIS).
- (E) Case Management Information Payrolling System (CMIPS).
- (F) Employment Development Department Unemployment Insurance Modernization (UIMOD) Project.

(2) All other contracts, leases, or agreements necessary or related to the operation of the Systems Integration Division of the California Health and Human Services Data Center are hereby assigned from the California Health and Human Services Data Center to the office.

(~~h~~i) It is the intent of the Legislature that the transfer of the Systems Integration Division of the California Health and Human Services Agency Data Center pursuant to this section shall be retroactive to the passage and enactment of the Budget Act of 2005 and that existing employees of the Systems Integration Division of the California Health and Human Services Agency Data Center and the newly established Office of Systems Integration shall not be negatively impacted by the reorganization and transfer conducted pursuant to this section.

(~~i~~j) It is the intent of the Legislature to review fully implemented information technology projects managed by the office to assess the viability of placing the management responsibility for those projects in the respective program department.

(~~j~~k) On or before April 1, 2006, the Department of Finance shall report to the Chairperson of the Joint Legislative Budget Committee the date that the administration shall conduct an assessment for each of the projects managed by the office. The California Health and Human Services Agency, the California Health and Human Services Agency Data Center, or its successor, the State Department of Social Services, and the office shall provide to the Department of Finance all information and analysis the Department of Finance deems necessary to conduct the assessment required by this section. Each assessment shall consider the costs, benefits, and any associated risks of maintaining the project management responsibility in the office and of moving the project management responsibility to its respective program department.

~~(k) The California Health and Human Services Agency shall not place or transfer information technology projects in the office, without further legislation authorizing these activities.~~