

**The California Managed Risk Medical Insurance Board**

1000 G Street, Suite 450
Sacramento, CA 95814
Phone: (916) 324-4695
Fax: (916) 324-4878

Board Members

Clifford Allenby, Chair
Richard Figueroa
Samuel Garrison
Ellen Wu

Ex Officio Members

Jack Campana
Diana S. Dooley
Secretary, Business,
Transportation and Housing
Agency

MEMORANDUM

DATE: September 14, 2012

TO: MRMIB Members

FROM: Jeanie Esajian 
Deputy Director for Legislation and External Affairs

SUBJECT: MRMIB Media Report for August – September 2012

The last month was a light media period with regard to media requests of MRMIB. Four reporters from the following media outlets contacted External Affairs staff: Capitol Television News Service, California Healthline, Healthycal.org and the Sacramento Business Journal.

Information requests were on the topics of the transition of 880,000 Healthy Families Program children to Medi-Cal, eligibility requirements for the Pre-Existing Condition Insurance Plan, recruitment by MRMIB vendor Maximus and MRMIB's successful partnership with Social Interest Solutions to create the Health-e-App online application.

Published articles were dominated by the HFP to Medi-Cal transition.

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.

August 20, 2012 - Features

Legislators, Advocates Urge Care in Healthy Families Transition

by George Lauer, California Healthline Features Editor

Legislative leaders last week joined the chorus of children's health advocates urging state officials to move slowly and carefully in their dismantling of the Healthy Families program.

In a letter addressed to California Health and Human Services Agency Secretary Diana Dooley, Senate President Pro Tempore Darrell Steinberg (D-Sacramento) and Assembly Speaker John Pérez (D-Los Angeles) urge the Brown administration "to develop a transition timeline that is based first and foremost upon the careful and thorough completion of key readiness activities."

Steinberg and Pérez point to specifics in the budget trailer bill, as well as the Knox-Keene Act, California's 37-year-old legislative framework for managed health care.

To save money, the state is eliminating Healthy Families, California's federally subsidized Children's Health Insurance Program and moving beneficiaries into Medi-Cal managed care plans. Healthy Families provides coverage for almost 900,000 California kids whose low-income families earn too much to qualify for Medi-Cal but not enough to pay for coverage without help. Medi-Cal is California's Medicaid program.

Because Medi-Cal reimbursement rates are lower than those paid in the Healthy Families program -- and because managed care is supposed to result in more efficient, cost-effective care -- the state estimates big savings from the shift: about \$13 million for the rest of this fiscal year, another \$54 million next year and \$78 million the following year.

Children's advocates have argued against eliminating Healthy Families, pointing out that California would lose higher funding and provider reimbursement level from CHIP, as well as about \$200 million over the next couple of years from a tax on insurers that helps pay for Healthy Families. However, they lost the argument when the budget was approved.

"I think most of us are resigned to the reality of what happened with the budget and now we're concentrating on making it work as well as possible," said Kelly Hardy, director of health policy for Children Now, a California advocacy organization.

Hardy said advocates welcome legislators' voices in the effort to get the state to exercise caution.

"I'm pleased that our legislative leaders have clearly spelled out their expectation that this transition be done right, rather than just done quickly," Hardy said.

Call for Four-Step Transition

The budget trailer bill, **AB 1494**, calls for the Healthy Families transition -- which includes shifting some responsibilities from state to county governments -- to take place in four phases, the first starting no earlier than Jan. 1, 2013.

Democratic Gov. Jerry Brown's administration is scheduled to deliver a comprehensive transition plan to the Legislature by Oct. 1, giving a timeline and detailing what will happen in each phase.

In their letter, Steinberg and Pérez write:

"Implementation plans for each of these four phases are to be developed to ensure state and county system readiness, health plan network adequacy and continuity of care with the goal of ensuring there is no

disruption of services and there is continued access to coverage. While the dates specified in statute represent the earliest dates that phased transitions may occur, our intent and expectation is that the actual dates of transition will be based upon when we can be assured that the movement of children between the programs can be accomplished successfully and without any negative impact to children's access to health care services, including access to providers."

"Furthermore," the letter says, "there are likely to be children with special needs or who have a serious illness or condition. We expect that the actual timeframe for transition will address these types of situations."

In written responses to questions from *California Healthline*, the Department of Health Care Services said:

"We appreciate the concerns of legislative officials and stakeholders, and we will work with them to implement, and if necessary, amend our plan to accomplish our goals while ensuring quality care to children. Our top priority is to meet the health care needs of families and their children. The transition is an important step in solving the state's budget crisis, helps the state prepare for health care reform in 2014, creates a better experience for beneficiaries and simplifies administrative issues."

DHCS, which supports AB 1494, added, "Medi-Cal currently contracts with nearly 90% of the Healthy Families plans and providers, so children will be able to continue to receive access to quality primary and specialty care."

Dental Changes Especially Troubling for Advocates

Along with changes in medical coverage, the shift from Healthy Families to Medi-Cal means changes in dental coverage. State officials last week staged the first of several stakeholder meetings to discuss the changes in children's dental coverage.

"We left there feeling like we had more questions than answers," said Eileen Espejo, director of media and health policy for Children Now.

"It feels a little disjointed about how it all is going to work both on the medical and dental side," Espejo said.

The state's prospects for children's dental coverage through Medi-Cal are not currently geared around managed care. Only two counties -- Los Angeles and Sacramento -- have managed Medi-Cal dental coverage and both have shown poor results. In Los Angeles, only 23% in the managed dental plan saw a dentist in fiscal year 2010-2011, compared with about 50% in standard Medi-Cal coverage throughout the state. In Sacramento County, about 31% saw a dentist in that period.

"Dental managed care has received so much scrutiny because of those problems (in Sacramento and Los Angeles), we're clearly not going in that direction right now," Espejo said. "But there are a lot of questions about where we are headed ultimately," Espejo added.

"On the dental side, there are no immediate plans to expand beyond Sacramento and Los Angeles counties for dental managed care," DHCS said in a written response.

DHCS officials said the state has made significant improvements in dental managed care.

"DHCS has implemented a beneficiary dental exception for managed care members that allows them to transition to fee-for-service due to access issues. New performance measures related to utilization and reporting requirements have also been implemented. There are now financial penalties ranging from a 3% to 10% withhold of the monthly capitation rate for poor performing plans and, importantly, DHCS can terminate plans for non-compliance. DHCS is working to further align dental managed care to medical managed care," DHCS officials said.

September 04, 2012 - Capitol Desk

Support Fades for Healthy Families

by David Gorn

The Legislature never had a chance to hear arguments in favor of reinstating the Healthy Families program. The last day of the legislative session came and went on Friday with no movement on the two bills that would have reversed the planned conversion of nearly 880,000 children from Healthy Families to Medi-Cal managed care plans.

A statement from the California Children's Health Coverage Coalition -- a collection of six children's advocacy groups in California -- said lawmakers missed a chance to restore a successful program and save money for California.

"[The coalition] considers the end of session developments as a huge loss for California children, a missed opportunity to secure the \$200 million in badly needed revenues from the Managed Care Organization (MCO) assessment and to delay or stop the pending transition of children from the Healthy Families Program to Medi-Cal," the statement said.

The coalition didn't endorse the two bills, but has been a longtime supporter of some of the legislation's goals.

The two bills before the Legislature last week were **SB 301** by Senate member Mark DeSaulnier (D-Concord) and **AB 826** by Assembly member Sandré Swanson (D-Alameda). They would have restored the Healthy Families program and extended the managed care organization tax, worth about \$200 million to California.

The governor proposed different legislation to restore the MCO tax, **AB 1469** (Budget Committee), but that legislation also failed Friday.

The coalition lamented the loss of the tax and the program, but the statement also said all of the children's advocacy groups would work to ensure a smooth transition.

"We continue to have strong concerns about the stretched pediatric, dental and specialty care provider networks if the transition goes forward as planned in the budget," the statement said.

"Now that the legislative session has ended, we will continue to push for continuation of the MCO assessment and a delay of the Healthy Families program transition until we are assured every child will have the needed access to care. We will continue our work with the state to plan and prepare for a responsible transition."

The elimination of the Healthy Families program begins Jan. 1, 2013 with the first phase of the conversion -- moving approximately 415,000 children to Medi-Cal managed care plans during the first month. The balance of approximately 465,000 children will be moved into managed care over the following 12 months.