

## **Managed Risk Medical Insurance Board**

The Managed Risk Medical Insurance Board (MRMIB) currently administers three programs that provide health coverage through commercial health plans, local initiatives, and county organized health systems to eligible individuals who do not have health insurance: the Access for Infants and Mothers Program, which provides comprehensive health care to lower middle-income pregnant women, the County Health Initiative Matching Fund Program, which provides comprehensive health benefits through county-sponsored insurance programs, and the Major Risk Medical Insurance Program, which provides health coverage for individuals with pre-existing conditions.

Given the substantial reduction in the Board's role in recent years, the Budget proposes to eliminate MRMIB and transfers these programs to the Department of Health Care Services (DHCS) effective July 1, 2014. The Budget includes \$177.6 million (\$1.2 million General Fund) for the programs currently administered by MRMIB.

## The Managed Risk Medical Insurance Board 2014-15 Governor's Budget

The 2014-15 Governor's Budget for the Managed Risk Medical Insurance Board supports services to improve the health of Californians. The Governor's Budget for Fiscal Year 2014-15 provides a total of \$177,567,000 for all of MRMIB's programs. Of this total amount \$4,812,000 is for state operations and \$172,755,000 is for local assistance.

### Total MRMIB 2013-14 and 2014-15 Budget

MRMIB Budget by Fund Source*		
Fund Source	FY 2013-14	FY 2014-15**
General Fund (GF)	\$23,214	\$1,224
Federal Funds (FF)	\$229,971	\$74,827
Special Funds and Reimbursements	\$97,019	\$101,516
<b>Total Funds</b>	<b>\$350,204</b>	<b>\$177,567</b>

### MRMIB 2013-14 and 2014-15 State Operations

State Operations by Program*			
Program Title	Program	FY 2013-14	FY 2014-15**
HFP	40	\$3,221	\$1,937
AIM	20	\$1,060	\$1,071
CHIM	50	\$499	\$500
MRMIP	10	\$1,272	\$1,304
PCIP	60	\$3,587	0
<b>Total State Operations – All Funds</b>		<b>\$9,639</b>	<b>\$4,812</b>

State Operations by Fund Source*		
Fund Source	FY 2013-14	FY 2014-15**
General Fund (GF)	\$1,031	\$800
Federal Funds (FF)	\$6,794	\$2,155
Special Funds and Reimbursements	\$1,814	\$1,857
<b>Total State Operations – All Funds</b>	<b>\$9,639</b>	<b>\$4,812</b>

### MRMIB 2013-14 and 2014-15 Local Assistance

Local Assistance by Program*			
Program Title	Program	FY 2013-14	FY 2014-15**
HFP	40	\$62,882	0
AIM	20	\$118,132	\$128,655
CHIM	50	\$2,204	\$2,409
MRMIP	10	\$41,691	\$41,691
PCIP	60	\$115,656	0
<b>Total Local Assistance – All Funds</b>		<b>\$340,565</b>	<b>\$172,755</b>

Local Assistance by Fund Source*		
Fund Source	FY 2013-14	FY 2014-15**
General Fund (GF)	\$22,183	\$424
Federal Funds (FF)	\$223,177	\$72,672
Special Funds and Reimbursements	\$95,205	\$99,659
<b>Total Local Assistance – All Funds</b>	<b>\$340,565</b>	<b>\$172,755</b>

\*Dollars in thousands

\*\*FY 2014-15 Budget proposes to eliminate MRMIB and transfer staff and programs to DHCS effective 7/1/2014.

## The Managed Risk Medical Insurance Board 2014-15 Governor's Budget Overview

### 2013-14 Current Year

#### Healthy Families Program (HFP)

The budget assumes the HFP will be fully transitioned to the Department of Healthcare Services (DHCS) effective February 1, 2014.

### 2014-15 Budget Year Significant Budget Assumptions/Proposals

#### Healthy Families Program (HFP)

The budget assumes the HFP will be fully transitioned to the Department of Healthcare Services (DHCS) effective February 1, 2014.

#### Access for Infants and Mothers Program (AIM)

The budget assumes the AIM will be transitioned to the DHCS effective July 1, 2014.

#### Major Risk Medical Insurance Program (MRMIP)

The budget assumes the MRMIP will be transitioned to the DHCS effective July 1, 2014.

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

The budget assumes the CHIM will be transitioned to the DHCS effective July 1, 2014.

#### Pre-Existing Condition Insurance Plan (PCIP)

The PCIP program was transitioned to the Federally-Administered PCIP effective July 1, 2013.

### 2013-14 Enrollment Levels by Program

#### Healthy Families Program (HFP)

Based upon the proposal to transition Healthy Families subscribers to Medi-Cal, HFP children transition will be completed by February 1, 2014. Therefore, HFP year-end enrollment will be 0.

#### Access for Infants and Mothers Program (AIM)

For 2013-14, MRMIB projects a year-end enrollment total of 9,952 subscribers.

#### Major Risk Medical Insurance Program (MRMIP)

The Major Risk Medical Insurance Program continues the enrollment target of 7,000 for calendar year 2013. In addition, the subscriber premium share of cost is reduced for MRMIP subscribers effecting on January 1, 2013 due to AB 1526. As of November 2013, there were 6,321 MRMIP subscribers and 13 subscribers on the waitlist.

#### Pre-Existing Condition Insurance Plan (PCIP)

Following federal direction received on May 13, 2013, California PCIP will transition subscribers to the Federally-Administered PCIP on July 1, 2013.

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

For 2013-14, MRMIB projects a year-end enrollment total of 2,110 subscribers. The current year is based on the information provided by participating counties.



DEPARTMENT OF  
**FINANCE**  
OFFICE OF THE DIRECTOR

EDMUND G. BROWN JR. ■ GOVERNOR  
STATE CAPITOL ■ ROOM 1145 ■ SACRAMENTO, CA ■ 95814-4998 ■ WWW.DOF.CA.GOV

December 31, 2013

Honorable Mark Leno, Chair  
Joint Legislative Budget Committee  
Senate Budget and Fiscal Review Committee

Honorable Nancy Skinner, Chair  
Assembly Budget Committee

Honorable Kevin de León, Chair  
Senate Appropriations Committee

Honorable Mike Gatto, Chair  
Assembly Appropriations Committee

**Provisional Notification—Managed Risk Medical Insurance Board Staff Transition**

Pursuant to Provision 4 of Item 4260-001-0001 and Provision 5 of Item 4280-001-0001, 2013 Budget Act, the following notification is respectfully submitted.

The Department of Finance has received the attached request from the Managed Risk Medical Insurance Board to transfer a total of 10 positions and \$399,000 (\$140,000 General Fund) in spending authority to the Department of Health Care Services. Specifically, 7 positions and \$322,000 (\$113,000 General Fund) will be transferred effective February 1, 2014, and 3 positions and \$77,000 (\$27,000 General Fund) will be transferred effective April 1, 2014. The requested transfer amounts reflect projected staffing expenditures through June 30, 2014. The positions and funding authority are necessary to address workload associated with the transition of the Healthy Families program to Medi-Cal's optional Targeted Low-Income Children's (TLIC) program, as well as the ongoing workload necessary to operate the TLIC program.

We concur with the necessity of this change to the approved budget.

If you have any questions or need additional information regarding this matter, please call Maricris Acon, Principal Program Budget Analyst, at (916) 445-6423.

MICHAEL COHEN

Director

By:

KEELY M. BOSLER  
Chief Deputy Director

Attachment

cc: On following page

cc: Vice Chair, Senate Budget and Fiscal Review Committee  
Honorable Jeff Gorell, Vice Chair, Assembly Budget Committee  
Honorable Bill Monning, Chair, Senate Budget and Fiscal Review Subcommittee No. 3  
Honorable Shirley Weber, Chair, Assembly Budget Subcommittee No. 1  
Mr. Mac Taylor, Legislative Analyst (3)  
Mr. Mark Ibele, Staff Director, Senate Budget and Fiscal Review Committee  
Mr. Mark McKenzie, Staff Director, Senate Appropriations Committee  
Mr. Seren Taylor, Staff Director, Senate Republican Fiscal Office  
Mr. Craig Cornett, Senate President pro Tempore's Office (2)  
Mr. Christian Griffith, Chief Consultant, Assembly Budget Committee  
Mr. Geoff Long, Chief Consultant, Assembly Appropriations Committee  
Mr. Eric Swanson, Staff Director, Assembly Republican Fiscal Committee  
Ms. Deborah Gonzalez, Policy and Fiscal Director, Assembly Republican Leader's Office  
Mr. Christopher W. Woods, Assembly Speaker's Office (2)  
Mr. Michael Wilkening, Undersecretary, California Health and Human Services Agency  
Mr. Robert Ducay, Assistant Secretary, California Health and Human Services Agency  
Mr. Toby Douglas, Director, Department of Health Care Services  
Ms. Mari Cantwell, Chief Deputy Director, Department of Health Care Services  
Ms. Rene Mollow, Deputy Director, Department of Health Care Services  
Ms. Lindy Harrington, Deputy Director, Department of Health Care Services  
Ms. Janette Casillas, Executive Director, Managed Risk Medical Insurance Board  
Ms. Terresa Krum, Chief Deputy Director, Managed Risk Medical Insurance Board  
Mr. Tony Lee, Deputy Director, Managed Risk Medical Insurance Board

icc: CAP-OFFICE, FO, PAULIN, DORSEY, ACON, C/F (3), SUSPENSE, FILE

I:\BUDGET ADMIN (YEAR-ROUND)\2013-14\PROV LETTERS\4280 MRMIB - PROVISION LETTER  
FOR HFP TRANSITION 02012014.DOC

# Transition of State Operations Resources from MRMIB to DHCS for the Transition of the Healthy Families Program to Medi-Cal

## Proposal Summary

The Managed Risk Medical Insurance Board (MRMIB) requests to transfer 7 positions and \$322,000 (\$209,000 Federal Fund, \$113,000 General Fund) in spending authority effective February 1, 2014 and 3 positions and \$77,000 (\$50,000 Federal Fund, \$27,000 General Fund) in spending authority effective March 1, 2014 to the Department of Health Care Services (DHCS). The amounts requested reflect the need for these positions through June 30, 2014. The positions and funding authority are necessary to conduct program activities and produce deliverables as required in the statutory provisions and waiver amendments for the transition of Healthy Families Program (HFP) to Medi-Cal's Optional Targeted Low-Income Children's Program (OTLICP), as well as the ongoing workload necessary to operate the program.

## Background

Chapter 28, Statutes of 2012 (AB 1494), provides for the transition of approximately 860,000 HFP subscribers to the Medi-Cal Program beginning January 1, 2013, in four Phases throughout 2013. Children in HFP will transition into Medi-Cal's new optional OTLICP covering children with income up to and including 250 percent of federal poverty level (FPL). DHCS, MRMIB, and the Department of Managed Health Care's (DMHC) have worked collaboratively to facilitate a smooth transition, minimize disruption in access to services, maintain existing eligibility gateways, and maintain continuity of care.

AB 1494 requires DHCS to conduct activities prior to, during, and after the transition of HFP to Medi-Cal to ensure a seamless transition and no disruption in services. In addition, the Centers for Medicare and Medicaid Services (CMS) granted federal approval for DHCS to begin the transition via the Bridge to Reform 1115 Demonstration Waiver. Federal approval was contingent upon compliance to the Special Terms and Conditions (STC) as detailed in the waiver amendments. The STCs specified monitoring and oversight requirements and timeframes for submission to CMS for review. Accordingly, DHCS requests the following staff positions from MRMIB to conduct activities and produce deliverables as required in the statutory provisions and waiver amendments for the transition of HFP to Medi-Cal and ongoing activities for the OTLICP.

## Summary of Position Requests

Medi-Cal Managed Care Division	5 Positions
Medi-Cal Eligibility Division	1 Positions
Office of Legal Services	1 Position
Administration Division	3 Positions

## Medi-Cal Managed Care Division (5 Positions)

- One (1) Staff Services Manager I (SSM I)
- One (1) Staff Services Manager II (SSM II)
- One (1) Staff Services Manager III (SSM III)
- One (1) Research Analyst II (RA II)

## One (1) Associate Governmental Program Analyst (AGPA)

The Medi-Cal Managed Care Division (MMCD) will need five (5) positions to address the increase in workload attributed to the transition of HFP children into Medi-Cal managed care. These positions will update current managed care contracts, monitor the health plans for compliance with these requirements and complete all reporting required by the legislature and the federal government, including all 1115 Waiver Requirements, related to the OTLICP enrollment into Medi-Cal managed care. MMCD anticipates that the increased contract monitoring and the reporting to the legislature and the federal government will be permanent requirements.

Three of these positions are currently vacant at MRMIB and DHCS will likely need to reclassify some of these vacancies to better suit their organization and needs for the MMCD division. In the event a position is reclassified into a position with a higher salary range, this will be done within the funding being transitioned from MRMIB to DHCS and DHCS's existing resources. The remaining two filled positions transitioning from MRMIB will continue working under their current position classification at DHCS.

DHCS will use management staff to perform of a wide variety of fiscal, management, and staff services functions for all activities related to the OTLICP transition to Medi-Cal managed care. Additionally, they will conduct and/or review analytical studies and surveys related to the OTLICP population; formulate procedures, policies, and program alternatives; make recommendations on a broad spectrum of administrative and program-related problems; review and analyze proposed legislation and advise management on its impact or potential impact; represent the State or a given department as assigned; and to do other work related to the oversight of the OTLICP. Management positions will also act as the subject-matter expert for the OTLICP. Furthermore, they will represent the State or the department as assigned; and to do other related work.

The analyst positions will coordinate, develop, and administer all necessary processes and procedures for the continued monitoring and reporting for the OTLICP population enrolled in Medi-Cal managed care. They will assist with responses to inquiries raised by program, the legislature, CMS, and other stakeholders regarding the ongoing administration of the OTLICP. These staff will design, organize, and conduct complicated research studies and analyses of the Medi-Cal Managed Care program performance in the areas of health care outcomes and special health care needs, including services for chronically ill children and services in chronic disease management. They may conduct literature reviews and analysis to support independent studies. They will also assist in reviewing target health plan quality improvement projects to assess project progress and outcomes. The analysis will support management decisions, program direction, and policy development. The analysis will assist in the creation of strategies to meet both statewide and national health policy goals, and to support collaborative efforts between the Division and the health plans to improve the delivery of health care to targeted low income children.

The positions transitioning from MRMIB come from a variety of different units within the Department. Given the ongoing work of MRMIB necessary to properly closeout HFP and monitor the transition, they will need to retain some staff to effectively continue operations. However, workload in these units has decreased due to the completed transition of HFP children and MRMIB can transition these staff and positions and still meet ongoing workload. Any ongoing duties will be performed by the remaining MRMIB staff.

### **Medi-Cal Eligibility Division (1 Position)**

#### **One (1) Staff Services Manager II (SSM II)**

The Medi-Cal Eligibility Division (MCED) will need one (1) position to continue in the development of statewide policy direction to county welfare departments, continual technical assistance to county welfare offices and workers, and management of administrative vendor contract for the transition which includes applications at the single point of entry and the premium payments processes, and the OTLICP processes. The management position will provide leadership guidance and support in the Policy Development Branch. This position will provide oversight and development of programs and policies related to eligibility, regulations, federal reporting, and program development. The SSM II will in part work with the administrative vendor, a variety of program stakeholders that include legislative staff, other state agencies, county and federal staff, and advocacy groups to coordinate and resolve policy issues related to the HFP transition, develop regulation packages for the OTLICP, research policy on existing for consistency with transition activities, and assist in preparation of regular reporting to legislature and CMS. The SSM will also work closely with the previously transitioned HPS I in developing the roles and responsibilities of the Advisory Council and will be the one of the primary liaisons for the Advisory Council and will work to establish a protocol to include panel members' input and recommendations on policy, eligibility, and in the development of regulations as it relates to the OTLICP and children.

MRMIB will transition one filled SSM II position to DHCS. In the event this position is reclassified into a position with a higher salary range, this will be done within the funding being transitioned from MRMIB to DHCS and DHCS's existing resources.

The position transitioning from MRMIB will be coming from the Eligibility Division with the department. Given the ongoing work of MRMIB necessary to continue the closeout activities, they will need to retain some staff to effectively continue operations. However, workload in these units has decreased due to the completed transition of HFP children and MRMIB can transition the staff and still meet ongoing workload. Any ongoing duties will be transitioned to staff remaining at MRMIB.

### **Office of Legal Services (1 Position)**

#### **One (1) Associate Government Program Analyst (AGPA)**

The Office of Legal Services Division (OLS), which includes the Office of Regulations, will need (1) position to address the increase in workload attributed to the transition of HFP children into Medi-Cal. The AGPA position being transitioned to DHCS will be done within the funding being transitioned from MRMIB to DHCS and DHCS's existing resources. The AGPA will assist with the implementation of necessary policies and regulations in accordance with legislative requirements and past practices to ensure continuity of services. The AGPA will assist the attorneys by performing needed research and review of current key issues that will aid in the develop of new federal and state-mandated policy development activities, including the development of policy direction to the County Welfare Departments for the implementation of HFP to Medi-Cal. The support position will also identify areas in regulations that must be redrafted or augmented for the full incorporation of this new population into Medi-Cal.

MRMIB will transition one vacant AGPA position from the Administration Division. In the event the position is reclassified into a position with a higher salary range, this will be done within the funding being transitioned from MRMIB to DHCS and DHCS's existing resources. MRMIB does not need to fill this vacancy

because the recruitment work performed by this position will not be needed given the transfer of staff from MRMIB to DHCS. MRMIB can transition this position and still meet ongoing workload.

### **Administration Division (3 Positions)**

- Two (2) Associate Accounting Analysts (AAA)
- One (1) Associate Governmental Program Analyst (AGPA)

The one (1) Associate Accounting Analysts (AAA) in the Administration Division's Accounting Federal Reporting Unit will be needed to prepare the complex healthy families reconciliation, analyze, research and resolve complex discrepancies; analyze and interpret complex financial data for federal reporting; respond to requests from program management and CMS auditors quarterly of supportive detail, processes daily financial transactions initiated by program, accounting or external agencies, prepares financial statements for the Department and prepares Generally Accepted Accounting Principles (GAAP) basis accruals for the State of California's Comprehensive Annual Financial Report (CAFR), prepares the CMS-64 and CMS-21 federal financial expenditures claim to CMS in accordance with the federal requirements associated with Title XIX and Title XXI grants, update fiscal worksheets and prepare quarterly summary information; supply supportive detail to program staff and federal and state auditors.

The one (1.0) Associate Accounting Analyst (AAA) in the Administration Division's Accounting System and Subsystems Section will be needed to maintain, create, analyze and prepare the CALSTARS interfaces for cost allocation of the department's Information Technology infrastructure and overhead, facility operation, and communication charges; establishes and maintains CALSTARS System codes; maintains the Employee Master File along with the Time Study process and performs monthly accounting systems cost allocation processes; creates, analyzes, and researches complex financial reports; analyzes and interprets complex financial data for Accounting and Program staff; responds to requests from Accounting, Programs, and management; processes daily personal and non-personnel expenditure corrections initiated by program, accounting, or external agencies; assists the Budget Section staff, Program staff, and the Accounting staff to provide CALSTARS system support and coordinate the goal of accurate fiscal reporting for the Department.

The one (1) AGPA position will be needed to provide technical guidance and consultative assistance for the service contract and grant administration functions for programs affected by the transition of HFP into DHCS. The AGPA will independently study and analyze draft, final, renewal and amendment contract and grant agreement packages. The AGPA will develop timely findings and written recommendations for altering and improving the packages to secure departmental and control agency approval. The AGPA will provide technical advice to programs on topics including but not limited to: location and selection of contract models; fillable form location and usage requirements; scope of work development requirements; budget content, format, and calculation requirements; optional contract exhibit use; contract language options and usage applicability; payment and cost reimbursement requirements; benefits of Public Contract Code exemptions; requirements of nonprofit organization student contracts; Administrative Relief options and applicability; Cooperative Agreement and Direct Services Act requirements; competitive bid award documentation; documentation requirements for use of DVBE firms, etc. The AGPAs will act as liaison with DHCS' assigned Department of General Services (DGS) attorney to coordinate correction and/or approval of DHCS contracts transmitted to DGS for approval.

One of these positions are currently vacant at MRMIB and DHCS will likely need to reclassify to better suit the organization and needs for the Administrative Division. In the event a position is reclassified into a position with a higher salary range, this will be done within the funding being transitioned from MRMIB to

DHCS and DHCS's existing resources. The remaining two filled positions transitioning from MRMIB will continue working under their current position classification at DHCS:

The positions transitioning from MRMIB could come from a variety of different units within the Department. MRMIB does not need the filled positions or to fill the vacant position because the need to perform these tasks has diminished with the closure of HFP and the transition of staff from MRMIB to DHCS. MRMIB can transition these positions and still meet ongoing workload.