

Edmund G. Brown Jr., Governor



**The California Managed Risk Medical Insurance Board**

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**M E M O R A N D U M**

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DATE: January 17, 2012  
TO: MRMIB Members  
FROM: Jeanie Esajian, Deputy Director for Legislation and External Affairs  
SUBJECT: MRMIB Media Report for December 2011 – January 2012

A handwritten signature in black ink, appearing to be "JE" or similar initials, written over the "FROM:" line.

The last month was a heavy media period with coverage focused on the following:

- Additional federal funding for PCIP
- PCIP enrollment and subscriber stories
- Budget proposals for MRMIB

During the past 30 days, 10 reporters contacted MRMIB. These reporters represented the following media outlets: the California Healthline (web), Los Angeles Times (print), Sacramento Bee (print), Kaiser Health News (web), Ventura County Star (print), Santa Cruz Sentinel (print), Sacramento Business Journal (web), NBC News Los Angeles (television) and the Bakersfield Californian (print).

Reporters requested information about additional federal funding for PCIP and enrollment in PCIP. External affairs provided reporters with information about PCIP's 2012 funding and updated enrollment numbers. Reporters also asked for interviews with PCIP subscribers and MRMIB Executive Director Janette Casillas. External Affairs facilitated those interviews.

These requests followed a press release announcing that the federal government would supply California's PCIP with additional funding in 2012.

Reporters also asked for information related to the Governor's recent budget proposals for the Healthy Families Program. External Affairs provided reporters with information about the program, including enrollment information.

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)

# NEWS FROM MRMIB

The Managed Risk Medical Insurance Board

December 16, 2011

For Immediate Release

Contact: Jeanie Esajian

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Sarah E. Smith

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## **California's Pre-Existing Condition Insurance Plan Receives Additional Federal Funding for 2012 Operations** *Means More Californians Can Obtain Coverage*

SACRAMENTO, CA – State officials operating the federally funded Pre-Existing Condition Insurance Plan in California announced that an additional \$118 million in funds will be allocated with which to serve existing and new subscribers for 2012.

“We are continuing to move forward with our statewide outreach efforts to enroll every Californian who wants and needs this program,” said Cliff Allenby, Chairman of the Managed Risk Medical Insurance Board. “We are still in business and this is good news.”

At last month's Board meeting, MRMIB executive director Janette Casillas presented estimates to the Board that the average monthly subscriber claims costs could limit the number of PCIP subscribers to 6,800 through the end of 2013, without additional federal funding. Per member per month costs were more than three times that originally estimated by actuaries when California's PCIP was in the planning stages.

“With this additional funding, we will not need to limit or stop enrolling Californians with preexisting conditions into this important program,” Casillas said. In addition to the increase in funding for 2012, from slightly more than \$229 million up to \$347 million, the federal government is allowing MRMIB to roll over unused federal PCIP funds from 2011 to further boost its funding for Californians with high-risk conditions who have been unable to obtain affordable insurance on the individual commercial market due to their health status.

The Managed Risk Medical Insurance Board is an independent agency with the California Health and Human Services agency that operates four public insurance programs: PCIP, the Major Risk Medical Insurance Program, the Healthy Families Program and the Access for Infants and Mothers Program.

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MRMIP

HFP

AIM

PCIP

Managed Risk Medical Insurance Board  
1000 G Street, Suite 450  
Sacramento, CA 95814

Cliff Allenby, Chairman  
Janette Casillas, Executive Director  
916/324-4695

California Health and Human Services Agency

# California's pre-existing health condition plan getting new funds

Darrel Smith, Published Tuesday, Dec. 20, 2011

California will receive \$118 million in federal funds to bolster its 2012 coverage of adults with pre-existing medical conditions.

The state-run, federally funded Pre-Existing Condition Insurance Plan, or PCIP, was created last year to insure the uninsurable – those who because of their medical conditions have been denied coverage by insurers or who have had to pay prohibitive insurance premiums to ensure they were covered.

The plan acts as a bridge to 2014, when the federal health care overhaul will begin barring carriers from declining or tacking higher rates onto coverage for pre-existing conditions.

With the new funding, the federal contribution to the state program rose to \$347 million.

Officials at the state's Managed Risk Medical Insurance Board, which operates PCIP, said the cash infusion was needed both to expand the program and to keep pace with the cost of subscriber claims.

Enrollment in the California plan – among the nation's largest – stood at 5,972 members as of the end of November, said board spokeswoman Sarah Smith.

Monthly per-member costs have grown to more than three times the initial projections. Without the additional money, enrollment in the program would have been capped at 6,800 through the end of 2013.

"If enrollment had continued at the same pace," Smith said, "we would have maxed out in a few short months."

The Managed Risk Medical Insurance Board will also roll over remaining 2011 PCIP funds to boost funding for Californians with high-risk conditions, board officials said.

With the added cash, "we will not need to limit or stop enrolling Californians with pre-existing conditions into this important program," said Janette Casilas, the board's executive director.

California's Pre-Existing Condition Insurance Plan began in October 2010. Similar plans are now in place across the country.

The coverage for pre-existing conditions was one of the first major provisions to go into effect across the country after the March 2010 signing of the Affordable Care Act. The plan covers primary, specialty and hospital care as well as prescription drugs and other benefits.

## PCIP Program Gets Last-Minute Funding

by David Gorn

Last month, it looked like the federally funded, state-run Pre-Existing Condition Insurance Plan was about to reach its beneficiary limit. The Managed Risk Medical Insurance Board, which oversees the program, was considering closing enrollment.

At yesterday's board meeting, officials said 813 new enrollees had been added to the system in the past month - leaving fewer than 800 slots still open. But MRMIB had good news up its sleeve.

"We received the 2012 amendment for the PCIP contract from the feds," MRMIB Executive Director Janette Casillas said, "and they have given us an increase."

PCIP funding went from \$229 million annually to \$347 million.

"So we can cease our discussions at this time of disenrollment or limiting enrollment," Casillas said. "I suggest that we continue our outreach, and not slow down at all, but sign up everyone who wants to take advantage of the program. This is good news."

Casillas said there's actually a little more federal money than that. "The amendment also includes a provision to also allow us to use unspent dollars in 2011," she said.

Originally, the state estimated up to 23,000 people might be able to sign up for the federally financed PCIP program. But that estimate was based on a similar state-financed program, the Major Risk Medical Insurance Program (MRMIP), which has financial caps in place that the federal program does not have. Last month, the state got its first PCIP claims numbers, and they were much higher than MRMIP claims numbers.

The state revised its estimate to 6,800 participants, based on the federal dollars available. The infusion of new federal dollars was critical.

"So," MRMIB Chair Cliff Allenby said with a smile, "we're still in business."

From the Santa Cruz Sentinel

## State offers health coverage for pre-existing conditions; 78 Santa Cruz County residents enrolled so far

By JONDI GUMZ

Posted: 12/28/2011 04:56:11 PM PST

SANTA CRUZ -- Santa Cruz County residents can enroll in California's federally funded Pre-Existing Condition Insurance Plan, thanks to \$347 million in federal funds awarded to the state for 2012, up from \$229 million in 2011.

"We are still in business and this is good news," said Cliff Allenby, who chairs the Managed Risk Medical Insurance Board, the state agency that operates the Pre-Existing Condition Insurance Plan, or PCIP.

The plan is designed for Californians with high-risk conditions who have been without insurance for six months due to their health status. So far, 78 people living in Santa Cruz County have enrolled.

Applicants must present a denial letter or proof that individual health insurance costs more than the PCIP, or a licensed provider's note citing a pre-existing condition.

A subscriber age 50 and 54 would pay \$406 per month for coverage; someone age 55 to 59, would pay \$487 per month.

Premiums vary by age and county, and rates for 2012 are posted online.

Costs per member per month during 2011 were more than three times the original estimate made by actuaries when the plan was being developed, according to figures reviewed in November.

Because of those costs, Janette Casillas, the board's executive director, had expected to cap the number of enrollees at 6,800 statewide until federal healthcare reforms take effect in 2014.

Now it appears that cap will not be needed.

For information, go to [www.pcip.ca.gov](http://www.pcip.ca.gov) or call 877-428-5060.

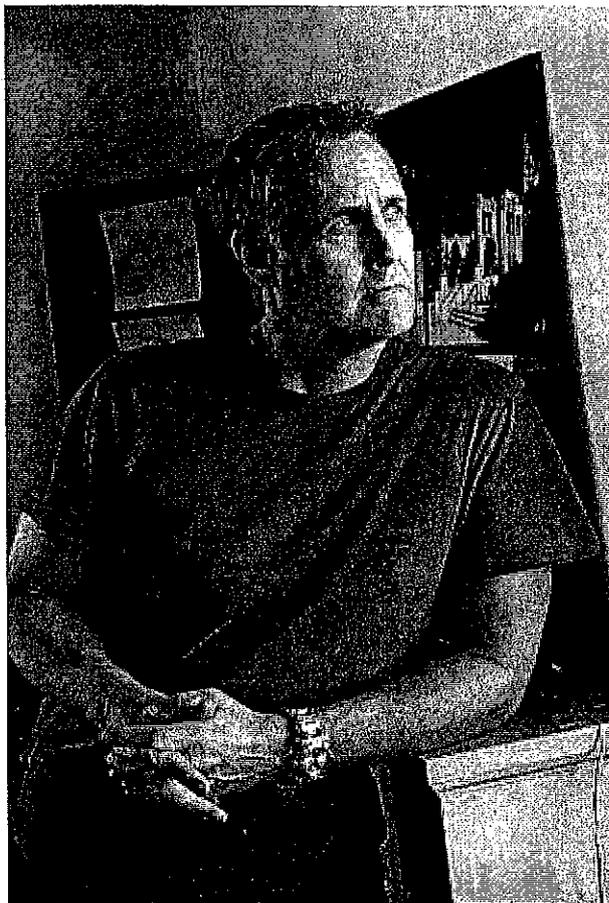
# Los Angeles Times

California adds patients to health insurance rolls

More than 6,000 with preexisting conditions are getting coverage for medical care under a temporary program.

By Anna Gorman, Los Angeles Times

January 3, 2012



*Architect Richard Best said he finally qualified for coverage after insurers had denied claims because of back and knee surgeries and moderately high blood pressure. Since getting onto the state's plan, he has undergone sinus surgery and been treated for cataracts. (Anne Cusack, Los Angeles Times / December 27, 2011)*

Despite a slow start, California's push to extend health coverage to those with preexisting medical conditions — a three-year stopgap effort until federal healthcare reform fully kicks in — has enrolled more than 6,000 patients.

California now ranks second only to Pennsylvania with the highest number of enrollees in the temporary federally funded insurance plan. The interim coverage helps people with cancer, heart disease and other long-term disorders pay for doctor visits, hospital stays and medications.

"It was really a lifesaver," said Catalina Island resident Doug Lord, 64, who has kidney disease and prostate cancer. "No one would insure me."

Lord, a boat captain and former Avalon city councilman, said he didn't seek cancer treatment after being diagnosed because he was uninsured and couldn't afford it. "Feeling like I had nowhere to go and had no one to take care of me was pretty stressful," he said.

California was the last state to offer the coverage. But the number of applicants jumped after an aggressive marketing campaign and a drop in premiums. Now, with a higher-than-expected influx of federal dollars for 2012, the state plans to continue publicizing the plan. To be eligible, applicants must be U.S. citizens who have been uninsured for six months and have been denied coverage because of a preexisting condition.

"We are going full speed until the federal government tells us to stop," said Janette Casillas, executive director of California's Managed Risk Medical Insurance Board.

The program is scheduled to end in January 2014, when insurers will be required to accept patients with previous illnesses without charging them higher rates.

Extending coverage to people with preexisting conditions has not generated the controversy surrounding other parts of the healthcare overhaul, including the requirement that every American get health insurance or pay a fine. Officials fear that if the universal coverage mandate is overturned in court, healthy people may not seek coverage, leaving insurance companies with the most expensive patients, including those with preexisting conditions.

That could present major financial challenges to long-term healthcare reform, officials say. "It is definitely a huge concern," Casillas said.

The insurance plans for those with preexisting medical problems can be seen as either "a bridge or a Band-Aid to get to the real reform," said Anthony Wright, executive director of the California consumer group Health Access.

"The big goal is changing the way insurers do business so they can no longer compete by avoiding sick people," he said. "That said, it is a huge lifeline for those who have it."

About five years ago, 39-year-old Gabe Chavez lost his job — and his insurance — when the automotive parts store where he worked was sold. He found work elsewhere, but the company

didn't offer insurance. He tried to buy individual health coverage but was denied by several companies because he has diabetes.

"As fast as I put the application in, they turned me down," said Chavez, who lives in Alameda. While uninsured, he avoided going to the doctor. "It was scary. Diabetes is something you have to constantly watch."

The state's insurance plan gives him peace of mind, he said.

Insurers also denied coverage to Beth Levendoski, 57, because she has a hereditary neurological disorder that has led to problems with her spine. For about 10 years, she has paid for doctor's visits in cash. When she started to get partial paralysis in her legs last year, she had to scrape together more than \$70,000 to pay for a surgery.

Levendoski, who was executive director of a nonprofit until last year, said she followed the federal healthcare law in the news and applied for the pre-existing condition plan as soon as it became available. Since getting coverage, she has had two more surgeries and seen improvement in her legs.

The only downside, she said, is the cost. In California, the monthly premiums for preexisting condition coverage range from \$119 to \$535, in addition to co-pays and deductibles. Premiums were cut last year but are still out of reach for some.

California was allotted \$761 million in federal funding for the program and is scheduled to receive \$347 of that through 2012.

State officials initially planned to sign up about 23,000 people for the program, but soon realized how sick enrollees were. "The individuals who are coming into the program have more pent-up demand for medical services than what we had budgeted," Casillas said.

Richard Best, an architect, said he was relieved to qualify. Insurers had been "unanimous in their rejections," denying him because he had back and knee surgeries and moderately high blood pressure. Since getting onto the state's plan, Best has undergone sinus surgery and been treated for cataracts.

"Preexisting conditions shouldn't be a curse," said Best, 54. "Human nature is that we get worse over time."

[anna.gorman@latimes.com](mailto:anna.gorman@latimes.com)

## Federal money revitalizes safety-net insurance plan

By Tom Kiskan

Originally published 04:34 p.m., January 4, 2012

Updated 04:56 p.m., January 4, 2012

An infusion of federal money into a state-run health plan means people denied health insurance because of pre-existing conditions will continue to have a shot at the program's coverage, officials said.

Leaders of the Pre-Existing Condition Insurance Plan, started a year ago as part of a federal health care overhaul, worried the costs of providing medical care soon would force the program to close its doors to new members.

But \$118 million in new federal funding eliminates that concern and means the plan will continue reaching out to uninsured people with pre-existing conditions, said Sarah E. Smith, spokeswoman for the California Managed Risk Insurance Board, which administers the program.

And that's good news, said Dr. Josephine Soliz, an Oxnard family doctor who worries her status as a breast cancer survivor eventually could jeopardize her ability to get health insurance.

"It seems given that with medical costs today, nobody could pay for a serious illness, regardless of how careful they were with money," Soliz said, adding that the days when people could pay out of pocket for major procedures are over.

The plan was created as a bridge to 2014, when a health care overhaul is set to prohibit insurance companies from denying coverage based on pre-existing conditions. The plan's rates can't exceed private insurance rates and can't be inflated because of a person's history of a condition.

To be eligible, people must be legal residents of California, uninsured for at least six months and denied coverage because of a pre-existing condition. To prove the latter, people can produce a denial letter, show they can obtain coverage only at prohibitively high rates or get a letter from a health care professional stating they have a pre-existing condition.

Rates in the pre-existing condition plan vary based on people's age and where they live. In Ventura County, monthly premiums range from \$107 for people 18 and younger to \$481 for people older than 75.

The plan will help people who can't get insurance but have jobs and income, said Lisa Safaeinili, executive director of the Westminster Free Clinic in Thousand Oaks.

"I know a lot of middle-class people that this is an amazing opportunity for," she said, adding that the plan likely won't help people who can't afford any extra expense.

Diane Mars of Newbury Park hasn't been insured for nine years because of abscesses removed from her liver. The real estate agent has been interested in the pre-existing condition plan since its start. Even though premiums have fallen, she probably won't apply because the monthly cost for people in their mid-50s is \$442.

"That's a lot of money," she said.

Though the program originally was designed to cover 20,000 Californians, it struggled to gain traction when it began a little more than a year ago. That has changed, Smith said.

"We've seen a boom," she said, adding that about 600 people enrolled in August, 700 in September and 800 in November.

The state membership now stands at more than 6,000 people, including about 160 from Ventura County. The allocation of an additional \$118 million was announced in December, pushing the plan's 2012 budget to \$347 million plus any unused funds from 2011.

"There's definitely room for growth," Smith said. "The additional federal funds will help us grow."



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HOME > NEWS > HEALTH



### New Program Enrolls Those with Preexisting Conditions

Dr. Bruce Hensel reports on a federally funded program that provides insurance for those who have been rejected by insurers for preexisting conditions. The website for the California Pre-Existing Insurance Program is [www.pcip.ca.gov](http://www.pcip.ca.gov), and the toll free number is 877-428-5060.

Jan 5, 2012

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From the Sacramento Business Journal:

<http://www.bizjournals.com/sacramento/print-edition/2012/01/06/rising-costs-plague-state-insurance.html>

## Rising costs plague state insurance program

Claims by patients with pre-existing conditions much higher than expected

Premium content from Sacramento Business Journal by Kathy Robertson, Senior Staff Writer

Date: Friday, January 6, 2012, 3:00am PST

Kathy Robertson  
Senior Staff Writer - *Sacramento Business Journal*

The new federal insurance program run by the state for people with pre-existing medical conditions has a cost problem: Claims are more than three times higher than expected.

Facing an enrollment cap without new funding, the pre-existing condition insurance plan will get \$118 million in additional money from the federal government for 2012. That brings funding for 2012 up to \$347 million.

If demand continues at the current rate, the temporary program may need another \$500 million before it sunsets when the state health benefits exchange starts in 2014. This raises questions about health care costs when these folks are in the exchange and millions more get coverage.

Nobody knows who will participate in the exchange, but there will be problems if it's overrun with sick people with high medical costs.

"The billion-dollar question is what does that population look like?" said Janette Casillas, executive director of the Managed Risk Medical Insurance Board that oversees the pre-existing condition insurance program.

Estimates suggest as many as 8 million individuals may buy insurance through the exchange, a program designed to offer insurance to individuals and small businesses at a competitive price. The challenge is that health plans will need a good risk pool to make ends meet on the new business.

“We’ll need a balance of healthy lives as well as coverage for those in most need to have a successful exchange,” Casillas said.

The high cost of the temporary program highlights the importance of another provision in the federal health reform plan — the requirement that all Americans get health insurance by 2014 or pay a penalty. If the cost of covering folks with pre-existing conditions is inordinately high, there must be masses of healthy people in the program to spread the risk enough to make the business work for health plans.

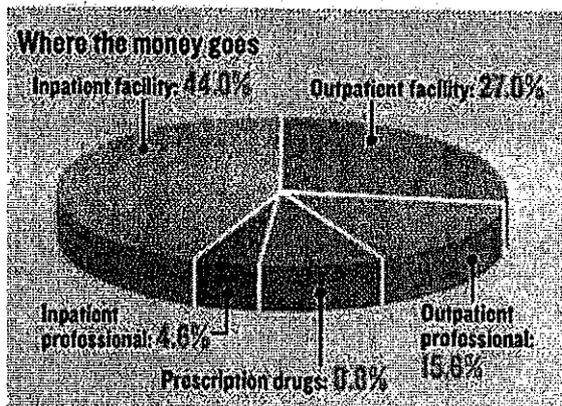
Lawsuits to block the so-called “individual mandate” will be considered by the U.S. Supreme Court this spring. Arguments are expected in March and a decision by July.

The short-term question, Marian Mulkey said, is will the mandate stand? She’s the director of the health reform and public programs initiative at the **California Health Care Foundation**. “Long-term, the question is whether the exchange will be sufficiently robust to overcome inertia and disinclination to pay something or participate in a program — whatever people say stands in their way to getting insurance.”

If not, the program could be full of sick people with high health care costs.

### Costs of pre-existing conditions

California Pre-existing Condition Insurance Plan summary, October 2010–September 2011



Source: Managed Risk Medical Insurance Board S&J GRAPHIC

### Will costs level off?

Whether costs will flatten over time is unclear.

Part of the reason why costs are so high at the beginning of the new insurance program is a requirement that enrollees have no insurance for at least six months before they apply. Intended as a mechanism to stop people from bolting from existing programs to the new, cheaper one, the

requirement means enrollees come in with huge unmet needs. They sign up and get treatment. Lots of it.

Initial estimates predicted claims costs of \$1,000 per member per month in the new program. At that amount, California could serve about 24,000 enrollees at any given time with the \$761 million in federal funding originally allocated for the program.

Instead, claims averaged \$3,100 per member per month. At that rate, the program could serve up to 6,800 during its duration.

Even though enrollments are low, if they continue at the current rate, they'll hit 11,250 by the end of 2013, according to figures from program spokeswoman Jeanie Esajian. That would require an additional \$500 million in federal funding.

In December, the U.S. government came through with the promise of \$118 million more for 2012. It also agreed to allow the Managed Risk Medical Insurance Board to roll over unused funds from 2011.

What happens after that if enrollments continue to grow and costs remain high is up to the federal government.

"Will we see a leveling off? I don't know. It was created as a short-term solution," Casillas said.

The program is paid for by the feds, not the state, and through premiums collected from enrollees.

Could it be extended into 2014 in order to give Californian time to get significant enrollment in the exchange that includes a good balance of healthy folks? Maybe.

"It's way above our pay grade of deciders, but it is a question," Casillas said. "The federal government would like the exchange to be successful."

### **Let the program work**

"It's true all insurers are concerned about the mix of risk ... whether it's earthquake, auto or health insurance," said Patrick Johnston, president and chief executive officer of the **California Association of Health Plans**. "We are worried about it — but are confident the exchange board is worried, too."

Many of the uninsured people expected to sign up with the exchange are young, male, single and relatively healthy, David Maxwell-Jolly, chief operating officer for exchange, said in an email, citing data from the **University of California Los Angeles**.

Taken altogether, enrollment in the exchange will be much broader than in the pre-existing condition insurance plan, he said.

All health plans will be prohibited from denying coverage based on pre-existing conditions in 2014, regardless of whether they offer products in the exchange, Maxwell-Jolly stressed.

They can compete on that basis so long as the rules apply to everyone. There are risk adjustment mechanisms in health care reform in case one plan gets a bigger share of costly members, he said.

“Making sure that everyone is making a contribution to their health coverage means that coverage will be in place when it is needed,” Maxwell-Jolly said. “It allows insurers to stop discriminating against those with health problems and (provides) coverage for needed treatment before health problems get out of hand. This will help slow the growth of cost in the long run.”

#### **Pre-existing Condition Insurance Plan**

**What it is:** A federally subsidized health insurance program for individuals with pre-existing conditions who have been denied coverage or offered plans they cannot afford

**Started:** October 2010

**Ends:** Dec. 31, 2013

**Enrollment:** 5,972 on Nov. 30, 2011, including about 225 in the Sacramento region

**Funding:** \$878 million in federal money over the life of the program, including \$118 million in new money for 2012

**Contact:** 916-324-4695 or [mrmib.ca.gov](http://mrmib.ca.gov)

Kathy Robertson covers health care, labor/workplace issues, law, immigration, medical technology and biotechnology for the Sacramento Business Journal.

## California's pool outperforms Iowa's

9:40 PM, Jan. 6, 2012 |

Written by

### The Register's Editorial

Last week the Los Angeles Times reported California had enrolled 6,000 patients in its federally funded high risk insurance pool. How is it doing things differently than Iowa?

It launched an aggressive and targeted ad campaign to attract enrollees. It spends a much smaller percentage of its money on administration. Unlike Iowa, it allows "third-party payers" to help pay premiums for HIV-positive residents there.

Those overseeing California's program are also accountable to the public. Board calendars, agendas, minutes from meetings and contact information for members are all easily accessible online. Compare that to Iowa where residents can't even find out who sits on the board, let alone when a board meeting is going to be held. None of the information is online. In Iowa, no one other than board members is informed about coming meetings.

California administrators actually want to get residents insured. "We are going full speed until the federal government tells us to stop," the executive director of California's program told The Des Moines Register Opinion page staff.

Those who oversee Iowa's program have refused to change a policy that would allow an estimated 100 HIV-positive Iowans to sign up. If these Iowans lived in California, they would be getting help.

## From the Bakersfield Californian

### New health plans cover those struggling with preexisting conditions

BY KELLIE SCHMITT Californian staff writer  
[kschmitt@bakersfield.com](mailto:kschmitt@bakersfield.com) | Saturday, Jan 14 2012 07:00 PM

Last Updated Saturday, Jan 14 2012 07:00 PM

#### WHO CAN APPLY?

Applicants must be a resident of California and lawfully present in the United States and offer proof of a preexisting condition. One must also not be enrolled in Medicare Part A and B, COBRA or Cal-COBRA. Applicants must not have had health coverage for at least six months. For more information, check out [www.pcip.ca.gov](http://www.pcip.ca.gov) or materials distributed at Kern County libraries.



Casey Christie / The Californian

Jennifer Lloyd makes and sells colorful bows out of her garage. Lloyd had problems buying health insurance because of preexisting conditions after her husband lost coverage through his work. But thanks to a new government program, Lloyd has been able to qualify for insurance.

When Jennifer Lloyd's husband lost his work's health insurance benefits, she assumed she could simply purchase a plan herself.

But with a history of optic nerve inflammation and migraines, insurance companies turned down the young mother of two.

Now, thanks to program designed for people like her, Lloyd, 27, has access to an extensive network of providers, and treatment for her newly diagnosed lupus. The temporary, federally-funded Pre-Existing Condition Insurance Plan is designed to transition those patients to 2014, when federal insurance reform kicks in.

"I don't think enough people know about this," Lloyd said. "It's a big relief for me to know that if something happens, I'll be OK."

## **GROWING ENROLLMENT**

The plan, which became open to California residents just over a year ago, includes more than 6,500 people statewide, and 78 in Kern County.

"Healthcare reform is coming and I think the fact that the administration has put this piece out there early was a great idea," said Janette Casillas, executive director of California's Managed Risk Medical Insurance Board. "I can't imagine being medically uninsurable for six months or greater for some of the conditions these individuals have."

And there is still plenty more room for applicants who meet the plan's qualifications, administrators say. The program is available to California residents having a Social Security card or immigration documents establishing lawful presence in the country who have been denied insurance coverage for a preexisting condition and who have been without coverage for six months.

Preexisting conditions can run the gamut from cancer and diabetes to pregnancy. Some preexisting conditions are surprising, such as a young man who injured his ankle horseback riding, said Jeanie Esajian, the deputy director for California's Managed Risk Medical Insurance Board.

The program applies "to a lot of people you'd expect and a lot of people you wouldn't expect," she said. "This is a temporary bridge to transition them to the exchange come 2014."

The federal government is funding similar programs in every state as it prepares for the 2014 health reform start date. In California, funding for 2010 was \$29 million; for 2011 was \$171.8 million; and for this year is \$347.6 million.

## **LOCAL RESPONSE**

In Bakersfield, participants have access to a broad network of providers including Bakersfield Heart Hospital, San Joaquin Community Hospital and Bakersfield Memorial Hospital. Costs range from \$118 a month for an 18-year-old to \$530 a month for those older than 74.

San Joaquin Community Hospital is already seeing patients take advantage of the new plan, said Jarrod McNaughton, the vice president of marketing and development.

"For us, it's a very exciting program because it gives people access to health care now, without having to utilize the emergency room," McNaughton said.

The program would allow people who have a preexisting condition such as a bad knee to get surgery, something that's not treated during an ER visit, he said.

"I think this is positive," added Randy Rolfe, president of the Bakersfield Heart Hospital. "Anything that is focused on this population and can help them is a good thing."

## **LLOYD'S STORY**

For Lloyd, not having health insurance was especially troublesome because she was experiencing excruciating pain, headaches and joints so swollen she struggled to open doors. Taking care of her two small children was increasingly hard.

"It was physically and emotionally scary," she said. "I felt like my body was shutting down."

Since she didn't qualify for low-income programs, she would pay cash for any medical care. Without insurance for eight to nine months, she racked up \$25,000 in medical bills. But, even more troublesome was specialists refusing to see an uninsured patient.

As her condition worsened, the emergency room became her only hope of getting care.

"We were at a point where we thought 'What are we going to do?'" Lloyd recalled. "My husband got on the computer and started Googling."

After joining PCIP, Lloyd received care and medication for what turned out to be lupus, an autoimmune disease, and fibromyalgia.

She's now in remission and hasn't had a flare up in seven months. Without joint pain, she's able to work at home on her hair bow business, Bodacious Bows. More than anything, she feels a greater sense of peace and security.

"I just wanted to know what was wrong with me," she said. "I'm really thankful for this program so that people like me can get answers."

# Los Angeles Times

On politics in the Golden State

## Jerry Brown's budget alarms health advocates

January 5, 2012



The headline cuts in Gov. Jerry Brown's new budget proposal are the \$4.8 billion in reductions hanging over public schools if voters don't approve the governor's tax hike in November.

But even if California citizens loosen their pocketbooks for the governor, there will be other big reductions should Brown's plan be implemented, including what advocates say is the end of one of the state's marquee healthcare programs -- Healthy Families.

The program insures children of people who are not quite poor enough to qualify for Medi-Cal but still lack health insurance. The governor intends to raise the income limit for Medi-Cal and move the Healthy Families children there in October, according to the budget and an analysis by the California Medical Assn.

Fewer doctors accept Medi-Cal patients because the program is stingier. And Brown hopes to squeeze over \$800 million more from Medi-Cal by switching it to a managed care program.

"It would be irresponsible to move forward with these proposals without assurances that children will not be harmed," said Wendy Lazarus, founder and co-president of the Children's Partnership, in a statement.

In his afternoon news conference, Brown, a Democrat, did not address the Health Families issue directly but made clear he was unhappy with the need to reduce services. "This is not nice stuff," he said. "But that's what it takes to balance the budget."

-- Nicholas Riccardi in Sacramento

*Photo: Gov. Jerry Brown at a news conference last month. Credit: Autumn Cruz / Sacramento Bee*



## **CMA responds to Governor Brown's 2012-13 budget**

SACRAMENTO, Calif. Jan. 5, 2012 - Governor Jerry Brown's budget, released Thursday, proposes the transition of children and teenagers from the Healthy Families Program (HFP) to Medi-Cal. HFP currently provides health, dental and vision coverage to children and teenagers ineligible for Medi-Cal.

"The move to eliminate the Healthy Families Program would be devastating for the some 900,000 children and teenagers throughout California that depend on the program for medical care," James T. Hay, M.D., President of the California Medical Association (CMA) said. "What the Governor has proposed will undoubtedly ensure that those kids now have a harder time getting access to care."

The Healthy Families program has been far more successful than Medi-Cal in ensuring timely access to care and sufficient payment to participating providers. As a result, that program is far better-received by both enrollees and physicians.

"On one hand, Governor Brown is advocating for a 10 percent cut in Medi-Cal. On the other hand, he wants to add just under a million more young people to the program, which data shows is already struggling to meet the needs of the existing patients," said Dustin Corcoran, CMA CEO. "The Medi-Cal provider network will simply not be able to accommodate this large influx of kids and teens. It's unclear how anybody wins in that scenario."

In 2009, President Obama signed a bill reauthorizing the State Children's Health Insurance Program (SCHIP). The reauthorization provided states with funding and stability for four and a half years. SCHIP is the primary source of funding for the Healthy Families Program in California. California has the largest SCHIP enrollment in the country. Due to the recent economic downturn, the Healthy Families Program has experienced record-high monthly enrollment into the program.

"The rest of the country is looking to California to set an example for successful implementation of federal health care reform. The move to transition HFP into Medi-Cal undermines, rather than strengthens, our ability to succeed in that arena," Corcoran added.



## **California Governor's Budget Could Hit Most Vulnerable With Deepest Cuts**

Posted on 10 January 2012

**By Zaineb Mohammed**  
New America Media

Advocates for both ethnic communities and children reacted with alarm to the state budget that Gov. Jerry Brown proposed on Thursday.

The proposal aims to reduce the budget deficit from the \$26.2 billion budget hole of one year ago to \$9.2 billion through budget cuts and revenue generators amounting to \$10.3 billion.

However, the cuts come mostly at the expense of low-income ethnic communities and children in particular.

### **Cuts Would Impact Access to Care**

Chad Silva, policy director of the Latino Coalition for a Healthy California, commented, "The programs that impact the lowest income folks are getting cut and are going to hurt them in very significant ways because they impact access to care."

People from ethnic and racial groups make up about 60 percent of those benefiting from the state's Healthy Family program and 70 percent of people on Medi-Cal, California's Medicaid program. Regions, such as Los Angeles and the Central Valley, which have high percentages of Latino populations enrolled in those programs, would be hit particularly hard by the reductions if they are passed by the State Legislature.

The governor's proposal recommends a \$1.1 billion cut to the CalWORKS program, which would affect nearly 600,000 low-income families and over 1 million children living in poverty, including many in deep poverty, below 50 percent of the federal poverty line.

The governor proposes reducing eligibility for employment services, such as training opportunities and employment assistance, from 48 months to 24 months.

For children whose parents would no longer be eligible for aid under the reduced and restructured CalWORKS program, Brown recommends creating a new Child Maintenance program starting with the new fiscal year in October 2012. However, although income and resource eligibility criteria for the new program would be the same as it has been under CalWORKS, the average monthly grant for child-only cases would decrease from \$463 to \$392.

Additionally, programmatic changes the governor is calling for in Medi-Cal are troubling, say advocates for children and families, because their consequences remain unclear.

Brown proposes to transfer 875,000 Healthy Families beneficiaries to Medi-Cal and also to reduce the rates the state pays managed care providers by about 25 percent, beginning in October. Patient advocates worry that the sharply lower payments will lead to fewer providers willing to take on Healthy Families recipients.

### **Changes Called “Alarming”**

Mike Odeh, the health policy associate for Children Now, stated, “It’s alarming because it’s a big change in a short period of time. Our concern is to make sure kids don’t lose coverage in the transition.”

Advocates also question whether Medi-Cal can handle the extra children due to the significant cuts to that program last year.

The governor’s proposal declares further that it will reform the payment model for federally qualified health centers and rural health clinics in order to trim \$28 million in state health spending in the 2012-13 fiscal year.

However, Brown’s plan contained few specifics on how the state could achieve those savings. “The devil’s in the details, it could be a good thing or a bad thing, we’re not really sure. Considering they’re taking money out of the system, that seems like it will have an impact on access,” said Odeh.

Equally concerning to advocates are the proposed budget cuts to education.

If Brown’s tax initiative passes in November, K-12 schools and community colleges will be provided with nearly \$4.8 million more than they received this fiscal year; however, without the passage of his plan, schools will face further deep cuts.

Within his proposal, Brown eliminates the requirement that schools provide transitional kindergarten instruction. Effectively barring 125,000 kindergarten students from California’s public school system, this change would mark the largest removal of students from public school classrooms in national history.

Silva of Latino Coalition for a Healthy California commented that those who would feel the biggest effect from the cuts need to understand the linkage between health outcomes and educational opportunity. “Further cuts to education are only going to affect the upward mobility and prospective health outcomes for communities of color,” he asserted.

Odeh of Children Now somberly concluded, “There are a lot of unknowns right now, and it’s not looking very pretty.”