



2011 FEDERAL ANNUAL REPORT

Background:

Federal law requires states to annually assess the operation of the state Child Health Insurance Program (CHIP) and Medicaid (Medi-Cal in California) Expansion under Title XXI to assess the progress made in reducing the number of uncovered, low-income children. This process is called the Federal Annual Report or FAR. In California, the CHIP program is the Healthy Families Program (HFP) operated by the Managed Risk Medical Insurance Board.

Content of Report:

The FAR provides a snapshot of HFP and Medi-Cal, with any changes that have occurred in the program during the reporting period, which is the Federal Fiscal Year (October 1, 2010 – September 30, 2011).

The FAR contains a broad view of HFP during the federal reporting period, including information in the following areas:

- Program changes.
- Performance measurement and progress in 11 out of a possible 24 voluntary reported physical and mental health performance measures.
- Data on enrollment and status of uninsured children compared to past years.
- Establishment of strategic objectives and performance goals.
- Assessment of state plan and program operations in the following areas: Outreach, Crowd-out, Eligibility, Enrollment, Renewal and Retention, Dental reporting, Program integrity, Cost sharing and Program financing.

The report also contains a section for states to report challenges and accomplishments identified in the reporting period.

Challenges:

The state's fiscal environment topped the list of challenges during the period. As a result, the Administration proposed to eliminate MRMIB and transition all its programs to the Department of Health Care Services, beginning with HFP. While HFP continues to have broad bipartisan support, the Legislature had to determine whether to support the proposal or make other budgetary decisions. The Legislature chose to make other budgetary decisions.

Other proposals made by the Governor that impacted HFP included:

- Extension of the 2.35 percent gross premium tax to the Medi-Cal Managed Care plans to provide interim funding for HFP and Medi-Cal programs. This was later enacted for a one-year period, ending June 30, 2012. For the 2010-11 state fiscal year, MRMIB received up to \$118.4 million from this tax.
- Other funding came from an \$81.4 million grant from First 5 California Children and Families Commission to support HFP for the year.
- Elimination of the HFP vision benefit, which would have resulted in a General Fund savings of \$11 million. The Legislature later accepted a modified vision benefit for a reduced savings of \$3.3 million to the General Fund.
- Increased premiums for families with incomes above 150 percent FPL for a General Fund savings of \$22 million. There is a state plan amendment pending to implement this.
- Increased co-payments for emergency room visits from \$15 to \$50 and inpatient stays from \$0 to \$100 a day for a maximum of \$200 per stay. This would have constituted a General Fund savings of \$5.5 million. This is a conforming proposal that will be implemented only if DHCS receives federal approval to implement the same.

Accomplishments:

- Health-e-App, the online application now available publicly to individuals, has increased electronic application use to more than 40 percent of all applications received through Single Point of Entry.
- HFP retention rate increased 3 percent, from 73 to 76 percent.
- MRMIB negotiated agreements with all 23 health and 5 dental plans to submit encounter data for HFP members. Half of these plans, representing 40 percent of HFP subscribers, are now submitting data. Additionally, all plans will be required to provide historical data back to January 2008.
- In the past three years, HFP health and dental plans have considerably improved in the Health Effectiveness Data and Information Set (HEDIS) and dental performance measures. In some measures, improvement was the 3-5 percent range without minimum performance requirements in place.
- MRMIB conducted the Consumer Assessment of Health Plan Survey (CAHPS), Dental Consumer Assessment of Health Plan Survey (D-CAHPS), and the Young Adult Health Care Survey (YACHS).
- MRMIB conducted the final full year of its Oral Health Quality Improvement Project, which began in July 2009. The project focused on increasing the provision of oral health services to children under age 7 in Southern California, by testing strategies in medical and dental integration, community engagement, family education and provider initiatives, supported by foundation funding.