

**Managed Risk Medical Insurance Board
July 25, 2007, Public Session**

Board Members Present: Cliff Allenby, Areta Crowell, Ph.D., Sophia Chang, M.D., M.P.H., Richard Figueroa, M.B.A

Ex Officio Members Present: Warren Barnes (on behalf of the Secretary for Business, Transportation and Housing), Joe Munso (on behalf of the Secretary for California Health and Human Services Agency), and Jack Campana

Staff Present: Lesley Cummings, Denise Arend, Ruth Jacobs, Teresa Krum, Mary Anne Terranova, Ernesto Sanchez, Renee Mota-Jackson, Carolyn Tagupa, Cynthia Reed, Larry Lucero, Max Hannan, Thien Lam, Seth Brunner, Adrienne Thacker, Maria Angel

Chairman Allenby called the meeting to order.

REVIEW AND APPROVAL OF MINUTES OF JUNE 20, 2007 MEETING

The Board reviewed the minutes from the previous meeting.

A motion was made and unanimously passed to approve the minutes of the June 20, 2007 meeting with two clarifications requested by Dr. Crowell.

HEALTH CARE REFORM UPDATE

Lesley Cummings informed the Board that staff is expecting high-level discussions about health care reform once the budget is signed.

STATE LEGISLATION UPDATE

Legislative Summary

Mary Anne Terranova provided the Board with an update on state legislation and highlighted several bills.

AB 550, authored by Assembly Member Fiona Ma and sponsored by the State Building and Construction Trade Council, would authorize MRMIB to operate a health

plan, an important issue to several labor organizations in the context of health care reform.

AB 1328, authored by Assembly Member Mary Hayashi and sponsored by Maternal and Child Health Access and Planned Parenthood, would delete the requirement that women who apply to the Access for Infants and Mothers program be a California resident for at least 6 months prior to applying. Mr. Figueroa asked about the programmatic or fiscal impact of the bill. Staff explained these would be minimal.

SB 137, authored by Senator Tom Torlakson and sponsored by the Children's Specialty Care Coalition, would increase the income eligibility requirements for the California Children's Services (CCS) Program from \$40,000 to 400% FPL.

AB 2. Ms. Cummings presented a summary and analysis of AB 2, authored by Assembly Member Mervyn Dymally. AB 2 concerns the state's high risk pool, the Major Risk Medical Insurance Program. She pointed out that staff had sent a letter of support on behalf of the Board. To view the analysis go to:

www.mrmib.ca.gov/MRMIB/Agenda_Minutes_072507/Agenda_item_5.c_7-25-07_meeting.pdf.

The bill had been substantively amended since staff had presented an analysis to the Board. The letter reiterated support for provisions of the bill that would provide financing for the Major Risk Medical Insurance Program (MRMIP), but did not comment on other (new) provisions of the bill. Chairman Allenby asked about the approaches other states have taken to providing health coverage for high risk persons. Ms. Cummings replied that the new approach taken in the bill was like that taken in Washington State where carriers have to use a standardized health assessment tool and are allowed to send to the pool only people who have specified health conditions. The pool sets the conditions to account for 8% of the costs in the market. She noted that the Washington State questionnaire is 35-pages long and indicated that MRMIB would hope to produce a much smaller application. AB 2 seeks to send 3% to 5% of California's high risk persons into such a pool. Chairman Allenby asked for the location of AB 2: it is presently in Senate Appropriations committee.

Mr. Munso asked whether AB 2 made sense on its own and if Washington is the only state with this approach. Ms. Cummings explained that AB 2 would, for the first time, establish rules for insurer behavior in the individual market and limit the extent to which insurers can deny coverage. She thinks it is conceptually solid; the trick will be in identifying 3% to 5% of persons at highest risk without being manipulated; a couple of other states have used this approach but then abandoned it. She is under the impression that payers in Washington feel that carriers and agents have learned how to transfer disproportionate costs to the pool. However, AB 2 envisions using the approach as an interim strategy. Chairman Allenby said if the approach of the bill is straight-forward then carrier/agent ability to game the system should be limited.

Dr. Crowell asked how up-front costs would be handled to establish a new system. Ms. Cummings replied that the bill did not provide for these costs. In the long run,

MRMIB would have insurer fee revenue to pay the costs, but not until the revenue is transmitted by the regulators. Chairman Allenby asked whether the author had considered providing a General Fund loan (approved by the Department of Finance) for the up-front costs. Ms. Cummings said she would make inquiries.

Ms. Cummings presented a summary and analysis of AB 8, authored by Assembly Member Fabian Nunez. To view the analyses go to:
www.mrmib.ca.gov/MRMIB/Agenda_Minutes_072507/Agenda_item_5.b_7-25-07_meeting.pdf.

Chairman Allenby asked if there were any questions or comments.

Krystal Moreno, representing Children Now and the 100% Campaign, spoke in support of AB 8. She pointed out a difference between the Governor's approach and AB 8. The Governor's proposal draws a bright line for eligibility at 100% of the federal poverty level while AB 8 draws the line at 133%. Her organizations support the bright line at 133% as they believe it is more compatible with keeping families together. Her organizations believe delaying the expansion of children's coverage to January 2010 is too late to begin funding the programs and covering children. They would like to see the benefit benchmarks in AB 8 go away and instead have children be covered in the traditional Medi-Cal and Healthy Families programs. However, if the benchmarks remain, they would want the same consumer protections that apply to the traditional programs to also apply to the benchmarks. Additionally, the two groups want any expansion to include the streamlining provisions contained in AB 1 and SB 32.

STATE BUDGET UPDATE

Terresa Krum, Deputy Director for Administration, provided an update on the state budget. She reported that the Legislature had not yet passed a budget. The Assembly budget includes a proposed change that would impact MRMIP. At the May Board meeting, she had informed the Board that there were insufficient Proposition 99 funds to cover all proposed AIM costs and the May Revision included \$8.3 million in General Funds to cover the shortfall. The Assembly reduced the budget by the \$8.3 million General Fund and augmented it with an equal amount that was budgeted for MRMIP. Chairman Allenby asked if this was part of the conference committee action. Ms. Krum affirmatively confirmed this, adding that it is part of a trailer bill.

FEDERAL BUDGET AND LEGISLATION

SCHIP Reauthorization

Ms. Cummings reported that President Bush said he would veto the House's bill, released today. The Senate has released concepts and funding details, but language is not yet available.

Cynthia Reed presented and explained a side-by-side of the bills. To view the document, go to www.mrmib.ca.gov/MRMIB/Agenda_Minutes_072507/Agenda_item_7.a_7-25-

07.pdf. Mr. Figueroa asked how California would fare with a national allotment of \$35 billion versus \$50 billion. Ms. Cummings said that if all \$35 billion is for SCHIP alone and if the bill's contingency fund does not come off of the top, but is in addition to the \$35 billion, California might be all right, but a final determination has not yet been made.

High Risk Pool Funding

Ms. Cummings said that the U.S. House appropriations committee included \$50 million for funding states' high risk pools. Whether or not it will endure all the way through the legislative process is unclear.

Chairman Allenby asked if there were any questions or comments. There were none.

HEALTHY FAMILIES PROGRAM (HFP) UPDATE

Enrollment and Single Point of Entry Reports

Ernesto Sanchez reported that HFP has approximately 830,000 children enrolled in the program. Nearly 26,700 new subscribers enrolled in June, the highest level for any June on record. Forty seven percent of subscribers speak Spanish and 43% English. Mr. Figueroa asked about the recent upward enrollment trend starting around April 2006. The Governor began renewed funding for application assistance and for outreach, In addition MRMIB made several changes to streamline enrollment. Ms. Cummings said the "culture of coverage" propagated by the Governor and the legislative leadership have increased focus on the program.

Administrative Vendor Performance Report

Mr. Sanchez reported that the HFP administrative vendor had met all process and quality performance requirements.

Chairman Allenby asked if there were any questions or comments. There were none.

Certified Application Assistants (CAAs) and Enrollee Entities (EEs)

Larry Lucero presented the CAA and EE reports. At the end of the fiscal year, \$4.6 million had been paid, \$1.3 million more than last fiscal year. 17,660 CAAs and 2,411 EEs are registered with the program.

Dr. Crowell asked staff to schedule another outreach update by the Department of Health Care Services.

California Children's Services (CCS) Report

Renee Mota-Jackson presented the CCS report. To view the report, go to:
www.mrmib.ca.gov/MRMIB/Agenda_Minutes_072507/8.d%202006CCSREPORTFINAL-rev_7-31-2007.pdf.

Chairman Allenby asked if health plans are getting used to referring subscribers for CCS services. Ms. Mota-Jackson replied that plans have told her that increased familiarity is one of the factors that have resulted in referral increases. Another is having a specific plan person designated to do CCS referrals. Kaiser continues to have a low rate of referrals because it prefers providing services via their own staff.

Dr. Crowell asked about expenditures by claim type (page 9 of the report) and asked for an explanation of the percentages, as they do not add up to 100%. Max Hannan said the numbers compare 2001 to 2006 and are generated from a baseline – so they do not show an increase and it may reflect more than 100%. Dr. Chang questioned the figures of 167% in 2001/2002 and 117% in 2005/2006. Mr. Hannan said that they are meant to compare what was expected according to the Department of Health Care Services with “actual” figures, and he agreed to revise the title(s) to reflect this. Dr. Chang also noted that the “metabolic disorders” condition was growing at a rate that far out paces other conditions (page 10, chart 5 of the report). She asked if staff could explain why this was. Ruth Jacobs indicated that MRMIB staff has a difficult time getting contextual information from the CCS program. Staff has tried to get analytic data on a number of issues, including how the CCS utilization for HFP might compare to that of the base CCS, but has not been able to obtain it. The definition of metabolic disorders in the CCS regulations indicates that the category is a global kind of terminology that includes diseases of the pituitary, thyroid or adrenal glands, growth hormone deficiencies, diabetes, pancreatic disease that result in pancreatic dysfunction, AIDS, inborn errors of metabolism like Phenylketonuria (PKU) and similar diseases.

Dr. Chang encouraged staff to keep trying to get more detail from CCS, noting that the incredibly high rate of metabolic disorder could be an indicator of a dramatic growth in diabetes. It is essential that CCS understand what is happening with the particular conditions that comprise the category of “metabolic diseases”. Ms. Mota-Jackson reported that obesity in and of itself is not a CCS condition, but can be one in conjunction with complications of obesity, such as diabetes.

Dr. Chang asked that information about past years also be included in future reports so that trends are clearer. She thanked the staff for their good work and asked MRMIB staff to keep asking CCS staff for information.

Chairman Allenby asked for any public comments.

Brenda Kaplan, Blue Shield, noted that the report does not include data on the number of CCS cases plans have. It just focuses on referrals. It also is important to

know the number of active cases. Chairman Allenby agreed that this would be useful information and asked that it be included in future reports.

Mr. Figueroa asked if staff knows how HFP referral rates compare to those in Medi-Cal Managed Care. He added that CCS has three distinct populations, which may have different characteristics: persons in Medi-Cal CCS; persons in HFP, and members of working families not in Medi-Cal CCS or HFP. Ms. Moto-Jackson replied that staff has attempted to get this information from CCS and has not succeeded.

Chad Westover, Blue Cross (BC), said that BC has worked with CCS for some time and has developed a successful process in which nurses help identify and move children into programs for which they are qualified. BC staff has experienced some financial losses because CCS eligibility decisions are not always consistent with HFP eligibility decisions. One case, for example, concerned a mother in AIM who had a baby with an expensive CCS condition. CCS determined that the child was not eligible due to the mother's immigration status and Blue Cross then had to fund the services to the child.

Administration of General Anesthesia as a Covered Dental Benefit

Ruth Jacobs reminded the Board that in April staff had presented an issue paper on whether or not HFP should reimburse dentists for administration of general anesthesia in the dental office. Staff had recommended against doing so, based primarily on concerns about safety. To view the report, go to www.mrmib.ca.gov/MRMIB/HFP/Dental_General_Anesthesia_041807.pdf

Chairman Allenby recommended that the benefit not be added at this time and that the Board review the issue again when HFP is negotiating a new contract. Dr. Chang and Dr. Crowell concurred with his recommendation. He asked for comments from staff and the public.

Mr. Alterton, California Dental Association (CDA), asked for clarification. Chairman Allenby replied that when the HFP plan contracts come up, the Board will re-assess the issue. Mr. Alterton noted that Board members had had questions about how to administer the benefit given CDA's information about the requirements of existing law. CDA had indicated that statute requires benefits to be paid by health plans, not dental plans. He requested that CDA staff be able to work with MRMIB staff on this issue prior to any new contract period.

Ms. Cummings commented that the primary issue is whether the Board wants to authorize the delivery of general anesthesia in the dental office. How to bill for the services is an issue that follows the threshold issue. Staff has talked to several health plans that were not clear about how it would work if the benefit were under the health plan. While health plans do authorize general anesthesia now, it is only provided in surgical centers or hospitals. Moving the locus to the dentist office raises a number of issues for them. She also noted that adding the benefit would also require a change in regulations. Ms. Jacobs added that it would also require

amending statute and regulations as the statute cited by CDA concerns benefits provided in surgical centers or hospitals.

Mr. Figueroa asked if the CDA thought that adding the benefit required a change in statute, noting that HFP does comply with requirements of existing law. Mr. Alterton said that CDA does not expect HFP to do something different than the law specifies and that he thought that it was possible to make the benefit change under existing law.

Ms. Cummings commented that while she has not reviewed the statute herself, Ms. Jacobs was saying that HFP already does what the statutes specify regarding general anesthesia. Mr. Alterton replied that he thought there was a misunderstanding. His understanding is that statute allows for administration of the benefit based on the condition of the patient, not the locus of the service. He disagreed with staff's interpretation. He suggested that CDA's attorney speak with MRMIB's attorney about the matter. He also expressed CDA's appreciation that the Board has brought the matter up repeatedly for discussion. It is in the best interest of the CDA, its practitioners and patients that the issue moves forward. He asked what remaining questions wanted addressed which if answered in a manner satisfactory to the Board would allow for the benefit change.

Mr. Figueroa said that he didn't think it appropriate for the Board to take on the issue of changing statute, if this was needed. Dr. Crowell said that the issue seemed to her to be larger than HFP. It seems to generally impact the interface between dental plans and health plans. The Board should not expect staff to resolve what are a much larger issues. She said that CDA should work it out with health plans and dental plans, and come back with a suggestion to the Board. Mr. Alterton agreed to this and asked the Board for guidance on the issues that need to be addressed. Dr. Crowell said that it has to be readily administered without too much overhead.

Ms. Cummings said that staff concerns are clearly laid out in the issue paper – they address safety issues. Dr. Chang said that the Board is not the appropriate entity to address broader safety medical/dental issues. Mr. Figueroa noted that his child had had dental services under general anesthesia while in a dentist's office. He added that statute may be ambiguous, leaving the Board some discretion allowing for a decision based on safety of a particular services in a particular setting. Dr. Chang commented that it is really the plans that make those sorts of decisions. She said that because someone is licensed to do something doesn't mean that the procedures they do are always safe, and MRMIB is not the appropriate entity to this complex, knotty question.

Ms. Jacobs added that under HFP's existing practice, services are provided in a licensed health facility, one which has had to meet strict requirements for safety. Moving the situs to a dentist office could cause health plans concern about liability. Plans may look upon a dentist's office as a free-standing office without oversight.

Mr. Alterton emphasized that restricting the benefit to hospital settings limits access for children who need the service and adds cost to the program. Many dentists do not want to go to the trouble of getting admitting privileges at hospitals. And hospitals charge fees for the use of their facilities—costs that would not be incurred in a dentist's office. CDA will take the initiative to address the issues raised in the staff memo, will work with staff, particularly on the safety issues, and review the statutory language to see what it allows.

Dr. Chang said she is not convinced that working with MRMIB staff will move the issue forward. She noted that CDA has indicated that providing the benefit in the dentist office is quite common among commercial plans—a number of whom are HFP plans. She suggested that CDA consult with them to clarify what they feel the constraints are and whether HFP is contractually constraining their ability to have similar coverage in HFP. Mr. Alterton agreed that this was a reasonable path but felt that CDA would need to involve MRMIB staff.

Chairman Allenby said Dr. Chang's comments nailed down the issue. The Board debated this same benefit question when first establishing the benefits for HFP. The Board's decision at that time was based on its understanding of the standard of practice. Ms. Cummings noted that the present HFP benefit is consistent with the HFP benchmark plan (CalPERS).

Chairman Allenby said that the CDA would need to demonstrate that what HFP does is not consistent with the standard of practice, and then have the health plans describe how it should be handled. Dr. Chang agreed and added that the plans, not the Board, were the lever to resolve the issue.

Healthy Families Advisory Panel (HFAP) Appointments

Thien Lam said that the HFP Advisory Panel has 15 member positions, 7 of which are vacant. Staff recommend the following persons to fill the four subscriber vacancies: Brittany Pace, Mendocino County; Tawnya Sode, Ukiah; Maria Rangel, Alameda County, and; Irma Hernandez, who has a special needs child that accesses services through CCS. Three of these subscribers also work as certified application assistants. Ms. Lam thanked Heather Bonser Bishop for serving on the HFAP since 2001, representing subscribers.

Staff also recommended appointing: Dr. Takahashi Michael Wada, the Director and Health Officer for Pasadena Public Health Department, as the County Public Health Representative; Reappointing Dr. Ellen Beck, a board-certified physician in family practice and clinical professor at University of California San Diego, as the Family Practice Representative, and; Reappointing Dr. Steven Tremain, Contra Costa Regional Medical Center and Health Centers, as a Licensed Disproportionate Share Hospital Representative.

Mr. Campana complimented MRMIB staff on bringing the names forward and filling the positions with such fine representatives.

Dr. Chang made the motion to fill the position and the Board unanimously approved the recommended appointments.

Outreach Initiative of Communities for Healthy Kids

Ms. Cummings introduced Yvonne Hunter with the Institute for Local Government, the non-profit research arm of the League of California Cities and the California State Association of Counties. The Institute has been funded by the Wellpoint Foundation to do HFP and Medi-Cal outreach with cities and counties.

Ms. Hunter thanked the Board for allowing her to introduce Communities for Healthy Kids (CHK). CHK is trying to outreach to cities in innovative ways to reach families of children eligible for HFP or Medi-Cal, or children's health initiatives in those counties that have them. She indicated that it will operate much like Teachers for Healthy Kids, but will target locations such as parks and recreation departments, police, chambers of commerce, etc. CHK intends to involve the medical community, health plans, non-profit organizations, educational institutions and other groups in its outreach efforts. She introduced Kim Hodges, one of her staff members, and said CHK intends to comply with all of MRMIB's outreach regulations.

CHK has commitments for participation from three cities – Huntington Park, La Mesa and Riverside – so far, with more cities and counties under discussion. She hopes to come back in a year to report how much they have helped increase enrollment in the HFP. Mr. Figueroa suggested they also approach Oakland as he is aware that Mayor Dellums is very interested in HFP. She agreed to do so.

Community Provider Plan (CPP) Regulation Update

Carolyn Tagupa informed the Board that the CPP regulations presented and approved at the June Board meeting will not take effect during the CPP process for benefit year 2008-9. Staff miscalculated the timelines needed for the Office of Administrative Law (OAL) approval. The regulations would have had to be in place by November 1st which is when revised traditional and safety net lists are posted on the MRMIB website for public comment. The package approved by the Board will move through the OAL process for implementation for the 2009-10 benefit year. Public comments on the regulations may be submitted during that OAL process.

Access for Infants and Mothers (AIM) Update

Ms. Cummings proposed that, in the interest of time, the Board deem the enrollment, administrative vendor and financial AIM reports read and approved unless the members have questions. The Board agreed.

Major Risk Medical Insurance Program (MRMIP) Update

Ms. Cummings proposed that the Board deem the enrollment, administrative vendor MRMIP reports read and approved unless the members have questions. The Board agreed.

MRMIP Benefit Design Report

Ms. Cummings noted that the Board had received the final report on MRMIP benefit design issues produced by Harbage Consulting. Most of the issues raised in the final report were discussed at the last Board meeting where Mr. Harbage presented a preliminary report. She asked Mr. Harbage to share any additional information he obtained since he last presented information to the Board.

Mr. Harbage provided an update on Blue Cross's disease management program. As a result of his inquiries into plan disease management practices, Blue Cross has agreed to include MRMIP subscribers in its disease management program.

The Board members complimented Mr. Harbage on an excellent report.

MRMIP Proposed Regulation Changes

Ms. Cummings noted that at the last meeting, during discussion on removing the \$75,000 annual benefit cap, the Board asked staff to present options on improving affordability and comprehensiveness of coverage. Staff has since learned that if the Board lifts the annual benefit cap, there would be a significant increase in subscriber premiums – around 13%. Given that there is no net take-up of coverage in MRMIP because of premium prices, staff does not suggest amending regulations to remove the cap at this time.

Ms. Cummings then reviewed the regulation changes staff are proposing. These can be viewed at:

www.mrmib.ca.gov/MRMIB/Agenda_Minutes_072507/10d_MRMIP_emergency_regs_2007_July_25_07_Board_Meeting.pdf. She noted that the regulations are presented in draft at this meeting, and will be proposed for adoption at the September meeting.

Dr. Crowell asked about the proposed regulations (page 1) regarding the co-payment not exceeding 25% and how it would work if there were a deductible. Ms. Cummings said she would need time to consider this and would be prepared to comment at the next meeting. Dr. Crowell asked about the statement in the proposed regulations (page 4) that comprehensive preventative care of children be consistent with recommendations for preventative pediatric health care as adopted by the American Academy of Pediatrics in September of 1987. She was incredulous that the referenced guidelines were so old. Ms. Cummings agreed that staff would look at this. Dr. Chang said she thought the language should reference the most recent guidelines. Ms. Cummings said staff would look into these issues and bring the regulations back in September for adoption.

Ms. Cummings then initiated a discussion of whether the Board should establish a deductible for MRMIP coverage. The Board has the authority to establish a deductible up to \$500, and does not need to do so via regulation, but rather by giving staff direction. Enrollment in MRMIP coverage has been flat for many months, likely because of premium cost. MRMIP subscribers were surveyed about their interest in a deductible as part of the 2006 MRMIP Fact Book. 73% respondents said they were interested in such coverage if their premium prices were reduced to reflect the change. 38% of these were interested in a \$500 deductible level. It appears that a number of people might benefit financially from such a deductible. She indicated that changing the deductible would increase state costs, but lower subscriber costs 8% to 12% for the year beginning in January.

Mr. Munso asked if resources are currently available to make the proposed changes to deductibles without incurring a deficiency. Ms. Cummings said that resources are available. Chairman Allenby remarked that the Board should seriously consider establishing the deductible. Ms. Cummings commented that because the MRMIP benefit year begins in January, if the Board wants to make the change for the 2008 benefit year, it would have to give staff direction at this meeting.

Ms. Cummings noted that for many subscribers, the change would not result in lower costs overall as they would have to spend \$ 500 of their own prior to getting coverage. But the 2006 Fact Book showed that in 2004 there were 19% of MRMIP subscribers who never filed a claim. These are the persons who would benefit from a \$500 deductible. Other persons would have to pay out-of pocket for the first \$ 500 in services they use.

Dr. Crowell asked whether the Board currently has authority to lower premiums. Ms. Cummings said it does not, that doing so would require a change in statute. AB 2 would lower premiums.

Mr. Figueroa asked whether it is within the Board's authority to determine what would be within or outside of a deductible. Ms. Cummings said that doing so is within the Board's authority. Many people argue for excluding preventative and chronic care services from a deductible; doing so is of lesser importance with a very low deductible. Mr. Harbage pointed out last month that MRMIP is the only state in the country without a deductible. Mr. Figueroa said that the Board had authority to exclude prescription drug costs from the deductible. Ms. Cummings agreed. She emphasized that staff would need to know today what would be included and excluded if the change is to occur in the 2008 benefit year. Anything excluded will reduce the dollar value savings to the subscriber.

Dr. Crowell said she is in favor of making the change effective for the 2008 benefit year. She wondered whether excluding some services from the deductible resulted in cumbersome administrative that offset some of the benefit.

Mr. Figueroa said that it would be easier in PPOs than in HMOs.

Ms. Cummings noted that Peter Harbage had provided her with a list of services that are outside the deductible in other states. Dr. Crowell asked Mr. Harbage for his opinion. He noted that other states have carved out services, such as well baby visits, child immunizations, cancer screening, and mammograms. Minnesota has considered excluding doctor's visits for physical exams to encourage people to use these services. Other state also tiered their deductibles – the higher levels have different excluded services than lower levels. Different states do different things regarding prescription drugs within the deductible.

Dr. Chang asked that if the board moves forward with a \$500 deductible, would it continue to offer its current product – a zero deductible product? Ms. Cummings recommended against offering two products as it makes the program more complex. Chairman Allenby noted that the \$500 deductible level is the lowest possible one, and agreed that it is best to keep things as simple as possible.

Mr. Barnes said that health plans are experienced in excluding preventative service from deductibles under the Knox-Keene Act; so, doing so should not be an administrative problem for health plans or contracting medical groups. The rationale is that finding problems earlier means then subscribers get better care more quickly and the health plans save money.

Chairman Allenby asked the Board for ideas about next steps. Dr. Crowell suggested establishing the deductible with preventive services outside the deductible.

Deborah Kelch, Assembly Health Committee, suggested defining what services are outside the deductible by referencing those detailed in the Knox-Keene Acts as preventative Chairman Allenby thanked Ms. Kelch for her input. Mr. Figueroa said that the federal government also has defined preventative services associated with HAS plans.

Dr. Crowell moved that the Board impose a \$500 deductible with the conditions to be excluded as suggest by Ms. Kelch. Mr. Figueroa noted that does not include prescription drugs. Dr. Chang noted that this would be a fairly low deductible. Mr. Figueroa abstained and the other members supported the motion.

Ms. Cummings acknowledged staff – Cristal Schoenfelder, Ruth Jacobs, Katie Haynes, Thien Lam and Ernesto Sanchez – for their work on the proposed regulations.

Guarantee Issue Pilot Program (GIP)

Ms. Cummings indicated that the Board had not received an update on GIP enrollment and expenditures since publications of the 2006 MRMIB Fact Book. She asked staff to provide the Board with more current information. She noted that since

publication of the Fact Book, MRMIB staff has applied fiscal protocols to the data which resulted in some significant changes in the findings. She introduced Srin Anne, MRMIB consultant, to present the findings. To view the report, go to www.mrmib.ca.gov/MRMIB/Agenda_Minutes_072507/10e_GIP.pdf.

Mr. Anne indicated that the data in the report is for 2003 – 2005. The 2006 claims are not fully matured. GIP enrollment declined from 7,368 in 2003 to 6,541 in 2005. The amount of subsidy funds provided by the state and the plans totaled \$4.9 million each in 2003, \$9.0 million each in 2004 and \$5.6 million each in 2006. Blue Cross continues to be the plan that pays most of the plan subsidy. Its share was \$4.3 million in 2003, \$7.1 million in 2004 and \$3.8 million in 2005. Kaiser is next with cost of 222,000 in 2003 and \$ 1.8 million in 2004 and 2005. A total of 9,377 people have been disenrolled from MRMIP due to the 36 month limit. Of these, 7,615 took up coverage in the GIP. Mr. Figueroa commented that the statistics demonstrate that the program is needed. Mr. Anne noted that 41% of those who enrolled in GIP have subsequently disenrolled, a fairly significant percent, perhaps due to the high cost of premiums. Mr. Figueroa said that people might also disenroll because they age out of the program and moving into Medicare.

Dr. Chang complimented staff for the report. Ms. Cummings acknowledged Marie Jungkeit for her work also on the project.

There being no further business to come before the Board, the meeting was duly adjourned at 1:23 pm.