

**STATE OF CALIFORNIA
MANAGED RISK MEDICAL INSURANCE BOARD
1000 G STREET, SUITE 450
SACRAMENTO, CA 95814**

**TITLE 10: CALIFORNIA CODE OF REGULATIONS
CHAPTER 5.5 MAJOR RISK MEDICAL INSURANCE PROGRAM
AMEND SECTIONS 2698.600, 2698.602 AND 2698.604**

Article 6. Pilot Program Payments

Text proposed to be added is displayed in underline type.
Text proposed to be deleted is displayed in ~~strikeout~~ type.

Section 2698.600 is amended to read:

2698.600. Semiannual Interim Payment and Reporting Procedures for Pilot Program Health Plans

- (a) The semiannual interim payment process for Pilot Program payment shall occur starting at the end of the first reporting period, September 1, 2003 through December 31, 2003, and on June 30 and December 31 of each year thereafter, as long as there are Program Graduates or Program Graduate dependents enrolled. In order to qualify for a semiannual interim payment a Pilot Program health plan shall submit a semiannual interim enrollment report no later than 90 days after the semiannual reporting period as established above in this section. If a Pilot Program health plan does not submit a semiannual interim enrollment report by the end of the 90 day period, the plan will not receive an interim payment for that period.
- (b) The semiannual interim enrollment report shall be submitted for each program graduate enrolled in the Pilot Program standard benefit plan during the semiannual interim period, and consist of:
 - (1) A signed certification that all program graduates for whom the Pilot Program health plan has made claim are enrolled in a Pilot Program standard benefit plan.
 - (2) The following information, to be submitted electronically, in a format specified by the Board, which consists of the following elements for each Program Graduate enrolled in the Pilot

Program standard benefit plan during the semiannual interim period:

- (A) The Program Graduate's unique identification number,
- (B) The Pilot Program health plan's own identification number for the Program Graduate,
- (C) The Program Graduate's full name,
- (D) The Program Graduate's home address including house or unit number, street, city, county, state, and zip code,
- (E) The name of each Program Graduate dependent who is covered under the Pilot Program at the same time as the program graduate,
- (F) The date of birth of each Program Graduate and Program Graduate dependent,
- (G) The Program Graduate's and any Program Graduate dependent's date of disenrollment from the Program, as indicated on the Certificate of Program Completion,
- (H) The Program Graduate's and any Program Graduate dependent's date of enrollment in the Pilot Program health plan,
- (I) The Program Graduate's and any Program Graduate dependent's date of enrollment in the Pilot Program health plan, when transferred from one Pilot Program health plan to another.
- (J) The Program Graduate's and any Program Graduate dependent's date of disenrollment in the Pilot Program health plan, if disenrollment has occurred during the interim semiannual reporting period.

- (3) The semiannual interim enrollment report shall include an estimate, adjusted for incurred but not reported (IBNR) costs, of the amount expended for program graduates and program graduate dependents, and the total amount of premium payments received to the Pilot Program health plan during the reporting period.
- (c) The Board will issue an interim payment no later than ~~60~~ 45 days after receipt of a valid semiannual interim payment report, consisting of all the elements as stated above in subsection (b). The payment will be determined using the following formula for each individual:
- the most recent average premium as established by the Board during its semiannual determination of estimated enrollment times one half (the absolute value of the prior calendar year loss ratio minus 110 percent)
- (d) The semiannual interim payment reporting process shall be subject to review and/or audit by the Board or its authorized representative in order to verify Program Graduates, and Program Graduate dependents, enrollment through a Pilot Program health plan in the Pilot Program standard benefit plan, for a period of four years after an interim payment has been made.

NOTE: Authority cited: Sections 1373.62, Health and Safety Code; 10127.15, 12711 and 12712, Insurance Code. Reference: Sections 1373.62 and 1373.622, Health and Safety Code; 10127.15, 12711 and 12712, Insurance Code.

Section 2698.602 is amended to read:

2698.602. Annual Reconciliation Reporting and Payment Process for Pilot Program Health Plans

- (a) The time period for annual reconciliation, reports and payment shall be as follows:
- (1) The annual reconciliation reporting and payment process shall start one year after the end of each reporting period established in Health and Safety Code Section 1373.62(g)(1) and Insurance Code 10127.15(g)(1). These periods are as follows:

September 1, 2003, to December 31, 2003, inclusive,
January 1, 2004, to December 31, 2004, inclusive,
January 1, 2005, to December 31, 2005, inclusive,
January 1, 2006, to December 31, 2006, inclusive,
January 1, 2007, to August 30, 2007, inclusive.

- (2) However, for the purpose of reconciliation and payment, the January 1, 2007 to August 30, 2007 reporting period shall be extended through December 31, 2007, and shall include Program Graduates and Program Graduate dependents that remain enrolled in a Pilot Program health plan's standard benefit plan on September 1, 2007 (the day the Pilot Program becomes inoperative). Pilot Program health plans with such program graduates or program graduate dependents may continue to report, and be eligible for reconciliation and payment, one year after the close of each calendar year until the plan no longer has any remaining program graduates or program graduate dependents.
- (b) In order to qualify for annual reconciliations, a Pilot Program health plan shall submit an annual report for each calendar year by December 31 of each the following year, starting in with a December 31, 2004 due date for calendar year 2003.
- (1) For reconciliations addressing calendar years 2003 through 2007 inclusive, Pilot Program health plans ~~who~~ that submit these reports by the established December 31 due dates date will be given priority for reconciliation and any resulting payments. Pilot Program health plans ~~who~~ that submit reports after the established due dates will be reconciled, and any resulting payments made from available funds, in order of the day of receipt of the report.
 - (2) For reconciliations addressing calendar year 2008 and all subsequent calendar years, a Pilot Program health plan that submits the required report after the December 31 due date shall not be entitled to be paid any amount pursuant to this section for the applicable calendar year and shall refund to the board, within thirty-five days of notification by the board, any amount previously paid to the plan for the applicable calendar year pursuant to section 2698.600.

- (c) The annual report to be submitted by Pilot Program health plans shall consist of three parts:
- (1) For a Program Graduate and a Program Graduate dependent enrolled in a Pilot Program standard benefit plan, an enrollment and program report to be submitted electronically, in a format to be specified by the Board, for the reporting periods established above in subsection (a)(1) and (2):
 - (A) The Program Graduate's unique identification number,
 - (B) The Pilot Program health plan's own identification number for the Program Graduate,
 - (C) The Program Graduate's full name,
 - (D) The Program Graduate's home address including house or unit number, street, city, county, state and zip code,
 - (E) The name of each Program Graduate dependent who is covered under the Pilot Program at the same time as the Program Graduate,
 - (F) The date of birth of each Program Graduate and Program Graduate dependent,
 - (G) The Program Graduate's and any Program Graduate dependent's date of disenrollment from the Program, as indicated on the Certificate of Program Completion,
 - (H) The Program Graduate's and any Program Graduate dependent's date of enrollment in the Pilot Program health plan,
 - (I) The Program Graduate's and any Program Graduate dependent's date of enrollment in the Pilot Program health plan, when transferred from one Pilot Program health plan to another.

- (J) The Program Graduate's and any Program Graduate dependent's date of disenrollment in the Pilot Program health plan, if disenrollment has occurred during the annual reporting period, and if disenrollment was the result of any of the following:
 - 1. Program Graduate's request;
 - 2. eligibility for Medicare Part A and Part B;
 - 3. eligibility for other health insurance;
 - 4. non-payment of premiums;
 - 5. fraud;
 - 6. death; or
 - 7. other.

- (K) Dollar amount of all premiums paid by, or on behalf of each Program Graduate, and Program Graduate dependent for coverage in the Pilot Program standard benefit plan during the reporting period.

- (2) A claims report, to be provided electronically for each program graduate and program graduate dependent enrolled with the Pilot Program health plan for service provided and expense payments made during the annual reporting period. The reporting expense payments shall be limited to expense payments made to providers of services and shall not include the Pilot Program health plan administrative expenses, and shall not include incurred but not reported costs. The report, entitled "Major Risk Medical Insurance Pilot Program Health Plan and Claims Reporting File Layout and Field Description," dated September, 2003 is hereby incorporated by reference.

- (3) A signed certification that all program graduates for whom the Pilot Program health plan has made claim are enrolled in a Pilot Program standard benefit plan.

- (4) An incomplete report shall be returned with an explanation to the Pilot Program health plan of the reasons for incompleteness.

- (d) The Board will review and reconcile each annual complete report within 120 days of receipt to the Pilot Program health plan of the findings based on the following formula:

one half (aggregate claims plus aggregate standard monthly administrative fee minus aggregate premiums) ~~plus aggregate standard monthly administrative fee~~ minus semiannual interim payments paid for that reporting period equals Final Payment.

In order to determine an aggregate monthly administrative fee for individuals in the Pilot Program, the Board will use a weighted average, weighted by plan population and adjusted by a factor of the number of dependents in the Program, of the current administrative fees for plans participating in the Program.

- (1) The Board may make adjustments in determining the final payment to any Pilot Program health plan as follows:
 - (A) to delete any payments for persons who cannot be determined to be a Program Graduate or Program Graduate dependent during the reporting period,
 - (B) to delete expenses for services beyond the date of disenrollment during a reporting period for a Program Graduate or Program Graduate dependent,
 - (C) to delete expenses for services for the Program Graduate or Program Graduate dependent beyond the date of eligibility for Medicare Part A and Medicare Part B, and who are not in Medicare solely because of end stage renal disease,
 - (D) to delete expenses that occurred for services outside of the reporting period, and
 - (E) to delete all expenses beyond the \$200,000 annual and \$750,000 lifetime benefit limits for each individual in a Pilot Program standard benefit plan.
- (2) If the current reconciliation indicates that further payment is owed to the Pilot Program health plan, the payment shall be made 30 days after notification of the reconciliation results. If the annual reconciliation indicates that an overpayment has been made through the semiannual interim payment process, the Pilot Program health plan shall pay the

overpayment to the Board within 35 days after the notification of reconciliation.

- (e) The annual reconciliation, reporting and payment process shall be subject to review and/or audit by the Board or its authorized representatives, for a period of four years after a reconciliation payment by either the Board or a Pilot Program health plan has been made.

NOTE: Authority cited: Sections 1373.62, Health and Safety Code; and Sections 10127.15, 12711 and 12712, Insurance Code. Reference: Sections 1373.62 and 1373.622, Health and Safety Code; and Sections 10127.15, 12711 and 12712, Insurance Code.