

**Managed Risk Medical Insurance Board
August 7, 2008, Public Session**

Board Members Present: Cliff Allenby (Chairman), Sophia Chang, M.D., M.P.H., Richard Figueroa.

Ex Officio Members Present: Bob Sands (on behalf of the Secretary for California Health and Human Services Agency); and Jack Campana (HFP Advisory Panel Chairman).

Staff Present: Lesley Cummings, Laura Rosenthal, Ron Spingarn, Seth Brunner, Terresa Krum, Ernesto Sanchez, Shelley Rouillard, Will Turner, Thien Lam, Brian O'Hara, Cristal Schoenfelder, Kathy Dobrinen, Naomi Yates, Renee Mota-Jackson, Maria Angel, Stacey Sappington.

Chairman Cliff Allenby called the meeting to order at 10:17 a.m. The Board then went into Executive Session. It reconvened for Public Session at 11:07 a.m.

Chairman Allenby recognized Stacey Sappington, new Executive Assistant to the Board.

Chairman Allenby noted the 10th anniversary of the Healthy Families Program, offering his congratulations to all present.

REVIEW AND APPROVAL OF JUNE 23, 2008 PUBLIC SESSION MINUTES

The Board reviewed the minutes from the June 23 meeting and unanimously approved them.

The document is located at
www.mrmib.ca.gov/MRMIB/Agenda_Minutes_080708/Agenda_Item_3.pdf.

STATE BUDGET UPDATE

Ms. Terresa Krum, Deputy Director of Administration, presented a summary of the 2008-09 budget conference committee actions on MRMIB's budget, and highlighted the following:

The committee:

- Set Healthy Families premiums at \$12 per child/month, with a family monthly maximum of \$36, for Category B, and \$17 per child/ month, with a family monthly maximum of \$51, for Category C;
- Rejected the proposed increase in subscriber copayments;
- Adopted the proposed rate reduction in plan payment rates;
- Adopted an annual cap on dental benefits of \$1500;
- Approved an augmentation to increase the Rural Health Development Pilot (RHDP) projects by \$3.66 million (\$960,000 from Proposition 99; and
- Approved a delay in implementation of SB 437 eligibility changes.

The document is located at

www.mrmib.ca.gov/MRMIB/Agenda_Minutes_080708/Agenda_Item_4-2008-2009_Budget_Conference_Committee_MRMIB_Issues.pdf.

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

Ms. Krum informed the Board about how the Governor's Executive Order (EO) S-09-08, issued July 31, 2008 impacted MRMIB. This EO curtailed the hiring, promotion, and transfer of State employees and terminated a number of state contracts. It required suspension of retired annuitants and student assistants. MRMIB suspended six retired annuitants and four student assistants. Additionally, MRMIB suspended three contracts, including APS (related to mental health), University Enterprises (related to student assistants) and one company which was to develop a personnel hiring tracking system. MRMIB was able to obtain exemptions in several areas under the process established in the EO.

The document is located at www.gov.ca.gov/executive-order/10333.

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

HEALTH CARE REFORM: NEXT STEPS

Mr. Ronald Spingarn, Deputy Director of Legislation and External Affairs, presented two summaries of Stage 2 of the Governor's Health Care Reform Proposal, one produced by MRMIB staff and one produced by the Insure the Uninsured Project. Highlights from the proposal included:

- A requirement that health plans and insurers have an 85 percent minimum loss ratio (addressed in SB 1440).
- Development of standards on collecting and reporting health care cost and quality data (addressed in SB 2967).
- Encouraging greater use of electronic records, requiring prescribers and pharmacies to utilize electronic prescriptions, and collecting information about or developing related best practices (no pending related legislation).

- Promoting or requiring the use of lower cost health care delivery systems, including use of nurse-practitioners, expanded use of medical quality surveys, using of Department of Health Care Services (DHCS) standards in lieu of Department of Managed Health Care (DMHC) standards for Medi-Cal managed care plans, and developing a workers' compensation pilot project for the California Public Employees Retirement System (no pending related legislation).
- Developing systems and policies to monitor and prevent "adverse events" and medical errors in health care settings (addressed in AB 2146, SB 158 and SB 1058).
- Encouraging greater coverage of and utilization of services to prevent diseases and adverse health conditions (no pending related legislation).
- Reducing the prevalence of and impact of health plans and insurers rescinding or canceling subscribers' health coverage, and improving public access to information about benefits offered in individual (non-group) policies (addressed in AB 1945, AB 2549, AB 2569, SB 1522, AB 2, SBX1-27).
- Prohibiting health care providers from "balance billing" subscribers for covered services, especially for emergency care (addressed in SB 697, SB 981, and AB 1203)

The documents are located at

www.mrmib.ca.gov/MRMIB/Agenda_Minutes_080708/Agenda_Item_5.a-Health_Care_Reform_Proposal_Summary.pdf.

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

Ms. Shelley Rouillard, Deputy Director of Benefits and Quality Monitoring, provided the Board with background information on "Never Events". These are events which should not have happened and include bedsores, surgery on the wrong body part, surgery equipment left inside the body and other serious or fatal events that should not occur when receiving health care services. The National Quality Form has endorsed a list of 27 adverse events used by several states, including California, for reporting purposes. California hospitals began reporting these types of event on July 1, 2007. The federal Centers for Medicare and Medicaid Services (CMS) recently stopped paying for eight hospital-acquired infections.

There is strong consensus in the health policy community that provisions prohibiting billing for and/or payment of adverse events is appropriate. However, there are many issues that need to be worked out in order to implement such policy. As part of his proposals on Health Care Reform Stage 2, the Governor has advanced a proposal for addressing adverse events. It calls for establishment of a task force to make recommendations to the California Health and Human Services Agency Secretary on these various issues by September 1,

2010. It also would require the California Department of Public Health (CDPH) to substantiate reports of adverse events and, if substantiated, report them to MRMIB and DHCS. California efforts are underway to develop approaches for addressing these types of events. MRMIB staff worked with representatives from the DHCS, the Health and Human Services Agency, and CDPH to develop the proposal.

The background paper is located at www.mrmib.ca.gov/MRMIB/Agenda_Minutes_080708/Agenda_Item_5.b_Never_Events.pdf.

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

FEDERAL BUDGET, LEGISLATION AND EXECUTIVE BRANCH ACTIVITY

August 17, 2007 CMS Letter Update. Ms. Lesley Cummings, Executive Director, reminded the Board that on August 17, 2007 CMS issued a letter making it more difficult for states to serve children with incomes above 250 percent of federal poverty level. CMS set August 17, 2008 as the deadline for states to comply with its requirements. California does not intend to submit a state plan amendment to comply with the requirements.

SCHIP Reauthorization. Ms. Cummings presented a report from the Congressional Research Service about what might happen as of March 31, 2009 when there is no more SCHIP funding. There is some indication that SCHIP reauthorization may be raised next month in Congress. Ms. Cummings is hopeful that positive action will be taken in September to avoid any future brinkmanship and uncertainty about funding.

The document is located at www.mrmib.ca.gov/MRMIB/Agenda_Minutes_080708/Agenda_Item_6.b-CRS_SCHIP_Report_07-22-08.pdf.

High-Risk Pool Federal Grants. Ms. Krum informed the Board that CMS had issued \$49 million high-risk pool grants. She presented a list of states that received these grant awards which were announced July 21, 2008. California was ineligible for this grant due to its \$75,000 annual benefit cap in the MRMIP.

The document is located at www.mrmib.ca.gov/MRMIB/Agenda_Minutes_080708/Agenda_Item_6.c-2008_Federal_High_Risk_Insurance_Pool_Grants.pdf.

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

STATE LEGISLATION UPDATE

Legislative Summary. Mr. Will Turner, Legislative Coordinator, presented a summary of the regular session bills of interest to the Board, highlighting new and amended bills. He noted that the document stated that information was current as of July 31, but, in fact, it was current as of August 6.

The document is located at www.mrmib.ca.gov/MRMIB/Agenda_Minutes_080708/Agenda_Item_7.a-Legislative_Summary.pdf.

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

AB 2. Ms. Laura Rosenthal, Chief Counsel reviewed a summary of recent AB 2 amendments. The amendments significantly reduce the scope of the bill, reinstating provisions of existing law that require MRMIB to manage the program within funds provided, assessing a fee on carriers in the individual market only (as opposed to a broad-based fee), and setting the fee amounts. The amount of revenue resulting from the fee is much lower than in the more expansive version of the bill. The fees would be \$1 per member per month for a period of three years.

Ms. Cummings interjected that, assuming 2.3 million lives in the individual market, this would raise \$23 million/year. The Chairman commented that this was a step and that the sense of the Board was to continue to support the bill.

The amendment summary is located at www.mrmib.ca.gov/MRMIB/Agenda_Minutes_080708/AB_2_summary_7-31-08.pdf.

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

Ms. Rosenthal then presented a summary of SBX1-27 (Aanestad) which would make major numerous changes to MRMIP. She highlighted the differences between AB 2 and SBXA-27.

The summary is located at www.mrmib.ca.gov/MRMIB/Agenda_Minutes_080708/SBX1_27_summary_8-6-08.pdf.

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

REQUEST TO DEPARTMENT OF GENERAL SERVICES FOR INCREASED DELEGATED PURCHASING AUTHORITY

Ms. Krum asked for Board approval of a resolution that would increase MRMIB's delegated IT purchasing authority to \$10,000. Mr. Figueroa moved to adopt the resolution for this action. Dr. Chang seconded the motion.

Chairman Allenby asked for any questions or comments. There were none. The Board unanimously passed the motion.

The document is located at

www.mrmib.ca.gov/MRMIB/Agenda_Minutes_080708/Agenda_Item_8-DGS_Resolution.pdf

HEALTHY FAMILIES PROGRAM (HFP) UPDATE

The Chairman began the discussion of the HFP by noting that it is the program's tenth anniversary. He invited audience members to join the Board for birthday cake after the meeting.

Enrollment and Single Point of Entry Report

Ms. Thien Lam, Operations Division Manager, reported that more than 877,100 children are enrolled in the HFP, and more than 29,900 new subscribers were enrolled last month. The majority enrolled continue to be Latino. The top five counties for enrollment continue to be in southern California, representing around 60 percent of total enrollment. Nearly 70 percent of applications received through the Single Point of Entry went to the HFP.

The report is located at

www.mrmib.ca.gov/MRMIB/Agenda_Minutes_080708/Agenda_Item_9.a_HFP_Enrollment_SPE_Report.pdf

Chairman Allenby asked if there were any questions or comments.

Mr. Jack Campana, Healthy Families Advisory Panel Chair, noted his pride in the program for its success enrolling children. Mr. Campana then asked for clarification that program enrollment was increasing steadily. Ms. Lam confirmed that it was. Ms. Cummings drew the Board's attention to the reverse side of the enrollment report which has a chart showing the trend for new enrollments and total subscribers over time. Mr. Campana credited MRMIB staff and the administrative vendor for keeping track of all applicants and the legislation that has provided outreach funding.

Administrative Vendor Performance Report

Ms. Lam presented the latest report to the Board. The contractor met all of its target goals.

The report is located at

www.mrmib.ca.gov/MRMIB/Agenda_Minutes_080708/Agenda_Item_9.b_HFP_Adm_Vendor_Perf_June_2008_Summary.pdf

Chairman Allenby asked for any questions or comments. There were none.

Enrollment Entities/Certified Application Assistants Reimbursement Report

Mr. Brian O'Hara, Enrollment Entities and Certified Application Assistant (EE/CAA) Section Manager, presented the EE/CAA report. In the current fiscal year, the HFP is paying an average of nearly \$512,311 per month and has paid \$6,147,703 total since the program was re-established. As of June 30, 20,162 CAAs and 3,064 EEs were active. MRMIB has certified 3,870 CAAs through web-based training.

The report is located at

www.mrmib.ca.gov/MRMIB/Agenda_Minutes_080708/Agenda_Item_9.c_EE_Reimbursement_Report.pdf

Chairman Allenby asked if there were any questions or comments.

Mr. Figueroa asked if the amount budgeted for application assistance fees appears in the budget each year or derives from funding made available in past years. Ms. Cummings clarified that the funds are provided in the budget and consist of amounts from the General Fund matched by federal dollars.

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

HFP Advisory Panel Summary

Mr. Campana reported on the May 6th HFP Advisory Panel meeting. He noted that the Board had a copy of the draft minutes from the meeting. He voiced concern that due to budget restrictions the panel has been meeting only every six months and meets only in Sacramento. In the past, the Panel met every two months and held meetings in various locations in the state. The Panel's next meeting is November 5th. He is concerned that with that much time between meetings the panel members would feel devalued and their recommendations wouldn't be made in a timely enough manner to be effective. He recognized that MRMIB staff are not responsible for these circumstances, but wanted to express his concern.

Chairman Allenby commented that Mr. Campana had a legitimate concern and expressed the hope that the meetings could be held at least quarterly. However, he is well aware that the budget situation is difficult.

The draft minutes are located at

www.mrmib.ca.gov/MRMIB/Agenda_Minutes_080708/Agenda_Item_9.d-HFP_Advisory_Panel_Summary-FINAL_8-7-08.pdf

Appointment of Subscribers to the HFP Advisory Panel

Mr. Figueroa moved to appoint Anastasia Gaspay to the HFP Advisory Panel. After a second, the Board unanimously passed the motion.

Mr. Figueroa moved to appoint Liliya Walsh as representing a parent of a special needs child eligible for the HFP. After a second, the Board unanimously passed the motion.

Chairman Allenby asked for any questions or comments. There were none.

The related documents are located at

www.mrmib.ca.gov/MRMIB/Agenda_Minutes_080708/Agenda_Item_9.e-HFP_Adv_Panel_Appointments_8-7-08.pdf

Payment Error Rate Measurement (PERM) Update

Chairman Allenby commented that the PERM update provided very good news.

Mr. Ernesto Sanchez, Deputy Director of Eligibility, Enrollment and Marketing, reported that CMS instituted the PERM for Medicaid and SCHIP as directed by the Office of Management and Budget to comply with the Improper Payment Act of 2002.

California was one of 17 states participating in the first round of audits. Because California is a combination state the focus of the audit was on the performance of the HFP administrative vendor and that of the county welfare offices who conduct Medi-Cal determinations.

The error rate for Healthy Families was .04 percent and the rate of Medi-Cal expansion program was 2.65 percent. The combined rate, based on the population size, created a combined error rate of .07 percent.

Mr. Sanchez recognized MAXIMUS, the HFP administrative vendor for its fantastic work and acknowledged Michael Lemberg from MAXIMUS who was in the audience.

Mr. Figueroa acknowledged the amazingly low rate and recognized the hard work MAXIMUS and MRMIB staff has done on the eligibility process. He has never seen such a low error rate in any public program.

Ms. Cummings acknowledged the work Ms. Janette Lopez, Chief Deputy Director, who obtained CMS approval to use the existing HFP Quality Assurance Unit's monthly accuracy review process as the basis of the PERM audit. Mr. Figueroa noted that this was a major achievement, but that it also speaks very well of the Board's processes for checking the accuracy of eligibility determinations .

Mr. Sanchez commented that the results were so good that CMS was initially concerned that California was cherry picking the audit cases. MRMIB then provided full monthly samples and CMS was then satisfied that the results were valid.

Chairman Allenby asked for any questions or comments. There were none.

Final Adoption of Community Provider Plan Timeline Designation and Process Modification Regulations

Ms. Rouillard reminded the Board that in March it adopted emergency regulations that modified the timeline for designating the Healthy Families program's community provider health plans. They were submitted to the Office of Administrative Law in March. A set of regulations is before the Board today which combine the emergency regulations passed in March with those also passed earlier by the Board that relate how staff complies and releases the lists that are the basis for scoring.

Mr. Figueroa moved to approve the regulations.

Chairman Allenby, noting that the motion had been seconded, asked for any questions or comments. There were none.

The Board unanimously passed the motion.

The documents are located at www.mrmib.ca.gov/MRMIB/Agenda_Minutes_080708/Agenda_Item_9.e-HFP_Adv_Panel_Appointments_8-7-08.pdf

Advisory Committee on Quality Status Report

Ms. Cristal Schoenfelder, Research and Quality Monitoring Unit manager, provided a status report on the convening of the Advisory Committee on Quality. Staff conducted a recruitment for members, contacting members of the previous

Committee On Quality as well as all of those on the MRMIB mailing list. To date there are 28 nominations.

Areas still needing representation include a practicing pediatric physician, a representative from a rural or community health clinic who is on MRMIB's current list of traditional or safety net providers, and a representative from a children's advisory group.

Ms. Schoenfelder noted that the committee will focus on health care quality. Dental quality will be addressed separately. The first meeting, to be held September 10, will focus on revising the group's charter, handed out today, and begin to discuss HEDIS measures, encounter data, claims data, setting performance targets, cultural and linguistic competency, and public reporting of quality measures.

Dr. Chang recognized the great work on this project, and said staff is moving in the right direction.

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

The document is located at www.mrmib.ca.gov/MRMIB/Agenda_Minutes_080708/Agenda_Item_9.h.pdf

Process for Determining Rural Health Demonstration Projects for 2008-09

Ms. Renee Mota-Jackson, Rural Health Demonstration Project Section manager, addressed the Board on the process for awarding contracts for the 2008-09 RHDP projects.

MRMIB conducted a solicitation in 2007 for projects. MRMIB received 143 proposals, covering the 2007/08 and 2008/09 fiscal years with around \$5.8 million. The Board approved 24 projects from the seven plans. However, there were a total of 73 projects that were rated as excellent. For purposes of funding provided in the budget for 2008/09, staff recommends that the Board not conduct another solicitation but rather re-evaluating the unfunded projects that were rated as excellent. Several health plans have written letters of support for this approach. Ms Mota-Jackson asked for the Board's concurrence. The Chairman and Dr. Chang both indicated that the Board concurred.

The document is located at www.mrmib.ca.gov/MRMIB/Agenda_Minutes_080708/Agenda_Item_9.h.pdf.

Modification of Premier Access Insurance Company Contract for 2007-08 Rural Health Demonstration Projects

Ms. Mota-Jackson reported the Premier Access had notified staff that a previously approved project with the Stockton Dental Surgery Center never became operational. Staff recommend that the funds (\$444,420) be re-directed to two other projects submitted by Premier Access. These had been rated as excellent. The Chairman commented that the approach made sense. Ms. Rosenthal indicated that no formal action was needed.

The document is located at

http://mrmib.ca.gov/MRMIB/Agenda_Minutes_080708/Agenda_Item_9.j_Modification_of_Premier_Access_RHDP_Contract.pdf.

ACCESS FOR INFANTS AND MOTHERS (AIM) UPDATE

Enrollment Report

Ms. Kathi Dobrinen, Contract and Marketing Manager, presented the latest AIM enrollment report. In June, 927 new subscribers enrolled in the program, and there were 7,606 subscribers total. Latinas continue to make up the majority of subscribers. Los Angeles, San Diego, and Orange counties continue as the top enrollment counties, making up approximately 48 percent of the program's enrollment.

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

The report is available at

www.mrmib.ca.gov/MRMIB/Agenda_Minutes_080708/Agenda_Item_10.a_AIM_Enrollment_Report.pdf

Administrative Vendor Performance Report

Ms. Dobrinen presented the latest report to the Board. The contractor met all of its target goals.

The report is available at

www.mrmib.ca.gov/MRMIB/Agenda_Minutes_080708/Agenda_Item_10.b_AIM_Adm_Vendor_Perf_June_2008_Summary.pdf.

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

MAJOR RISK MEDICAL INSURANCE PROGRAM (MRMIP) UPDATE

Enrollment Report

Ms. Naomi Yates, Health Policy Manager, presented the latest report to the Board. 7,043 persons were enrolled as of July 1st. The enrollment is below the cap of 7,100.

The report is available at www.mrmib.ca.gov/MRMIB/Agenda_Minutes_080708/Agenda_Item_11.a_MRMIP_Enrollment_Report.pdf

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

Update on Enrollment Cap and Waiting List

Ms. Yates reported that the waiting list has been as high as 1,009. Because of attrition in the program, MRMIB staff offered 250 enrollment slots on July 10th (for an August 1 or September 1 start date) and another 250 enrollment slots on July 16th (for a September 1 start date).

As a result, the waiting list dropped to 664. As of August 7, it was back up to 754. The waiting list numbers and enrollment offered continue to be posted on the web site every week.

The report is available at www.mrmib.ca.gov/MRMIB/Agenda_Minutes_080708/Agenda_Item_11.b_MRMIP_Weekly_Wait_List.pdf

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

Subscriber Stories

Ms. Yates reported on a project staff had undertaken to communicate the situations of MRMIP subscribers to the public. After conducting phone surveys with a number of subscribers, staff developed case studies for those subscribers who agreed to participate. Staff have posted the cases for 20 subscribers on the MRMIB website. They include information about the subscribers and explain why they are in MRMIP. Due to privacy laws, no information is used in the stories that may personally identify a subscriber.

This stories may be found at www.mrmib.ca.gov/MRMIB/MRMIP_subscribers.html.

Mr. Sands noted that variation in premium rates among health plans reported in the case studies was pretty significant. Ms. Cummings acknowledged the variation and described the process by which the premium rates are established. MRMIB directs health plans to calculate the rates for comparable coverage

provided to a population of average risk. PricewaterhouseCoopers reviews the plan calculations. Then the rate is multiplied by 125 percent, as is required by statute.

Administrative Vendor Performance Report

Ms. Yates presented the latest report to the Board. It shows that the administrative vendor has met all performance standards.

The report is available at

www.mrmib.ca.gov/MRMIB/Agenda_Minutes_080708/Agenda_Item_11.d_MRMIP_Adv_Vendor_Perf_for_June_2008.pdf

2007 Open Enrollment Report

Ms. Yates presented the report to the Board. There were two open enrollment periods in 2007 because of the establishment of a deductible for coverage. The first open enrollment, the traditional one, included a subscriber satisfaction survey as well. Thirteen percent of subscribers responded to the survey, a slight increase over prior years. Ninety percent of respondents reported satisfaction with their health plan's service, and ninety one percent were satisfied with their health care provider's service.

During this open enrollment, the program received 110 transfer requests, primarily going to Kaiser.

During the second open enrollment period, conducted after subscribers were informed of the new deductible, 59 transfer requests were made.

Full details of the results are in the handout.

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

The report is available at

www.mrmib.ca.gov/MRMIB/Agenda_Minutes_080708/Agenda_Item_11.e_MRMIP_2007_OE_Results_Survey.pdf.

There being no further business to come before the Board, Chairman Allenby duly adjourned the meeting at 12:27 pm.