**Managed Risk Medical Insurance Board**
**July 27, 2005**

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| Board Members Present: | Cliff Allenby, Richard Figueroa, Virginia Gotlieb, M.P.H. |
| Ex Officio Members Present: | Jack Campana, David Topp |
| Staff Present: | Lesley Cummings, Denise Arend, Laura Rosenthal, Vallita Lewis, Janette Lopez, Tom Williams, Jeanne Brode, Larry Lucero, Carolyn Tagupa, Angela Foreman, JoAnne French, Darryl Lewis |

Chairman Allenby called the meeting to order and recessed it for executive session. At the conclusion of executive session, the meeting was reconvened.

Chairman Allenby announced there would be no meeting in August.

## REVIEW AND APPROVAL OF MINUTES OF MAY 25, 2005, MEETING

A motion was made and unanimously passed to approve the minutes of the May 25, 2005, meeting.

**Note: Agenda item 7(f) was presented out of sequence.**

## HEALTHY FAMILIES PROGRAM (HFP) UPDATE

### Community Dental's (Smile Care) Proposal for 2005-08 Solicitation

John Valencia, attorney for Community Dental Services (CDS) dba SmileCare, outlined the reasons why they believe CDS should be awarded a contract to participate in HFP. Mr. Valencia acknowledged that the issue which led to the decision not to contract with CDS is one that would preclude CDS from participating if the Board used the standard request-for-proposal process, but asserted that the process MRMIB uses provides for greater flexibility which would allow the Board to still include the plan. He thought that there had been a simple failure to communicate on both sides, primarily revolving around the counties in which CDS is licensed. Mr. Valencia detailed the ways in which he believed both sides were equally responsible for misunderstandings during the bidding process.

Mr. Valencia stated that at the March Board meeting CDS was awarded a contract for participation in HFP. He indicated that the proposal submitted by the plan included a grid in which the plan checked off all the counties where it was licensed and that CDS did not realize that the grid was supposed to show where it was licensed for the HFP product specifically nor that plans must have their service areas for HFP coverage approved by their regulator by April 1, 2005. He said that CDS was notified at the end of March that MRMIB staff had learned from DMHC that CDS did not have contracts with providers in 7 of the 27 counties that the plan intended to serve (starting July 1, 2005). According to Mr. Valencia, MRMIB staff advised the plan that having contracts with providers for HFP in all service areas is a necessary condition of the contract award, that it was necessary for all such contracts to be in place prior to open enrollment for 2005-06 and that, therefore, the contract would be rescinded. Mr. Valencia noted that the plan asked for an opportunity to correct the situation and secured agreements with providers in four days. He said these agreements were approved by DMHC on May 26. Nevertheless, MRMIB staff indicated in April that the contract offer was rescinded. Mr. Valencia stated that CDS had demonstrated it was ready, willing, and able to deliver services in accordance with its bid within 35 days after the discrepancy came to light with providers in place in all 27 counties prior to the beginning of the contract year. He requested that the Board direct staff to continue implementation of a contract with CDS.

Susan Klarner, President of Community Dental Services, underscored Mr. Valencia's comments. She added that CDS is committed to HFP. It is a responsible company that has been in business for over 30 years and represents 1600 contracted dentists sharing a common goal to provide access to needed dental services to an underserved population.

Chairman Allenby thanked Mr. Valencia and Ms. Klarner. He asked for questions or comments from the Board and staff. Ms. Cummings noted that open enrollment begins on April 15 annually. This is to ensure that enrollments are in place by the beginning of a new contract year. During open enrollment, subscribers chose their plans and providers. Thus, MRMIB requires that plans have their service areas for HFP coverage approved by their regulatory entities (DMHC or DOI) by April 1. taff needs to be able rely on the accuracy of information provided during the solicitation process so that immediately after the contracts are awarded the administrative vendor can proceed to prepare and mail materials for distribution for subscribers and call center staff. There is simply no time for the process to remain open.

Mr. Valencia countered that CDS met all deadlines by securing providers in the seven counties in question between April 7 and April 11. Ms. Klarner added that subscribers could have confirmed by calling their provider.

## LEGISLATIVE UPDATE

### State Bill Summary

Jeanne Brode presented a summary of the bills staff is tracking. Included with the summary was an estimate that staff's had prepared of the costs to implement SB 437/AB 772 (Escutia/Chan). Chairman Allenby asked if AB 1533 (Bass) has any impact on crowding out. Ms. Rosenthal said it was a technical correction to address enrollees who are not considered late if they lost coverage for a number of reasons; by statute a person is ineligible when they reach 19 years of age. Mr. Figueroa added that it correlates to Medi-Cal.

**AB 624 (Montañez)**

Ms. Brode summarized staff's analysis of AB 624 which would allow the CHDP Gateway application to also serve as an application for HFP and Medi-Cal and allow applicants to self-certify their income. The bill's impact on MRMIB would be significant. Staff did not recommend a position on the bill, but noted a number of concerns. Ms. Cummings commented that the bill has some good ideas, but there are a lot of questions that need to be answered. She pointed out a couple of difficulties, i.e., self-certification of income and the conflicts with *Sneed* case law. Staff will work with the authors on a technical basis. She also pointed out that the bill would increase SCHIP costs and that according to the SCHIP funding chart included with the analysis, expenditures for existing programs funded with SCHIP are likely to exceed the federal SCHIP allocation by FFY 2008. Mr. Figueroa asked what the administration's position is. Ms. Cummings said she didn't know. Ms. Brode said the authors have indicated they will be further amending the bill.

Chairman Allenby called for public comment.

Kristen Testa with the 100% Campaign, commenting on the Chan/Escutia bills, noted that DHS and MRMIB had to do a lot of work to estimate the fiscal impact of the bills. She noted that the Administration had conducted a briefing on the fiscal estimate and that there were some items that need to be corrected. She thought that the California Health and Human Services Agency had recognized that it would be more appropriate to estimate costs in ranges. The California Endowment has commissioned the Lewin Group to evaluate the estimate. The results are expected by the end of the month. Chairman Allenby said that would be very helpful.

Lynn Kersey with Maternal and Child Health Access, a sponsor of AB 624, indicated that they would like to talk further with staff on the fiscal estimate for AB 624, the figures and assumptions used in the estimate, and on how the gateway is currently working, with a goal of turning the "no position" into a "support position."

**SB 377 (Ortiz)**

Ms. Brode summarized staff's analysis of SB 377 which would require certain governmental programs to forward to the single point of entry (SPE) information they had relevant to the application for HFP and Medi-Cal coverage, and allow self declaration of income at eligibility at annual eligibility review (AER), and limit terminations for non-payment of premium. Staff recommended an oppose position on

the bill. Mr. Figueroa asked about taking a position of "opposed unless amended." Ms. Rosenthal explained that the fundamental concept is flawed. Its relevance is not readily obvious and it creates a problematic work load at single point of entry. Ms. Cummings added that the bill did not need to include CHDP which already has a process for moving information about potential applicants to SPE.

**AB 356 (Chan)**

Ms. Rosenthal reviewed staff's analysis of AB 356 which would improve the information available to consumers trying to purchase coverage in the individual health insurance market and to place individuals who are denied coverage in a better position to verify and potentially correct the medical and other information that carriers use to make decisions about coverage and rates. Staff recommends support of this bill.

## STATE BUDGET UPDATE

Tom Williams reviewed a document highlighting the key aspects of the final state budget as it affects MRMIB's programs. Ms. Cummings added that in order to fill vacancies expeditiously, staff had pro-actively advertised the new staff positions prior to signature of the budget with the caveat that hiring was pending funding approval. At the September meeting staff will propose how to spend the additional funds the budget provides for the Rural Health Demonstration Project (RHDP). David Topp added that funding for health programs was tremendous given the structural deficit and reflected a decision by the Governor and legislature to invest in children and protect vulnerable populations. He noted that the Governor had been criticized about his decision not to fully fund Proposition 98 increases for education, but it was this decision that ensured that there was funding for other areas of the budget. He expressed concern about the budget for next year given that there is a $7.5 billion structural hole. Ms. Gotlieb said it is wonderful to see the enrollment projections up and restoration of CAA assistance. She said she was grateful for the support from the Governor's Office for MRMIB's programs.

## FEDERAL LEGISLATIVE UPDATE

Ms. Rosenthal reported that staff is continuing to work with the Governor's Washington, D.C., office to amend legislation so that California will be eligible for funding for its high risk pool (MRMIP). HR 3204 (Shadegg) is likely to be placed on the suspension calendar.

## HEALTHY FAMILIES PROGRAM (HFP) UPDATE

### Enrollment and Single Point of Entry (SPE) Reports

Larry Lucero reported that there are 752,351 children enrolled in HFP as of July 27. He also reviewed enrollment data for the month of June.

**Administrative Vendor Performance Report**

Mr. Lucero presented the administrative vendor (AV) performance report for HFP and SPE. MAXIMUS is the AV for these programs. In the months of May and June MAXIMUS met all seven performance standards for HFP and all four performance standards for SPE pursuant to the measures contained in its contract.

**Co-Payment Report**

Carolyn Tagupa summarized the Co-payment Report for 2003-04. The report showed that according to plan reports, 167 families (out of 427,474 total families) met the maximum health co-payment during the 2003-04 benefit year. This represents less than one-tenth of one percent of the total number of HFP families enrolled during the 2003-04 benefit year. The report can be found in the Special Reports section of the MRMIB's web site at www.MRMIB.ca.gov.

**Appeals Workload Update**

Janette Lopez reported on the progress made to-date in reducing the appeals backlog. Key factors in processing appeals timely are to have a sufficient number of experienced staff. Due to staffing reductions and turnover, MRMIB has not had either of these necessary conditions. Managers have worked to quickly fill any vacancies that have occurred (although there are now two more) and the budget provides for four additional analysts. Staff continues to volunteer to work overtime every other Saturday and one former employee is working overtime as well. Productivity will increase significantly as new staff reach about six months of experience. MRMIP appeals are current. MRMIB shifted most of the initial work related to AIM appeals to MAXIMUS so that MRMIB staff now have less than 20% to resolve (as opposed to 100% previously). The number of cases getting resolved each month is now exceeding the number of cases coming in. The appeals tracking database needs re-tooling as new staff did not input data in a standardized fashion. The division is concentrating on cleaning up the work load database, training staff, and increasing overall productivity. Chairman Allenby applauded the progress made.

**Premium Increase for Families with Incomes Between 200-250% FPL**

Ms. Lopez reported that MRMIB and Maximus had undertaken an initiative to reduce the impact of the premium increase on families by allowing families whom the system identified at income level of 200-250% to have family income re-evaluated. Maximus identified 123,055 families who could be impacted by the premium increase. A simplified premium re-evaluation form, developed in conjunction with advocates, was sent to these families to fill out and return to HFP. As of July 11, 15,000 requests for re-

determination had been submitted. She gave statistics on the changes in coverage and/or premiums based on the number of evaluation forms received as of July 11:

- 77 (.51%) bridged to Medi-Cal with no change in premium
- 438 (2.9%) bridged to Medi-Cal with a premium reduction
- 4,626 (30.65%) were denied due to misinformation
- 4,854 (32.16%) had their premiums reduced
- 4,897 (32.45%) had no change in premium
- 199 (1.32%) lost HFP coverage (most aged out)

Staff also worked with advocates to develop the notification of premium increase sent to families in April, May, and June. Ms. Lopez acknowledged the assistance of the advocates and the Covering Kids Coalition (comprised of approximately 80 organizations) that helped spread the word about the increase. Ms. Cummings added that since HFP does not disenroll for failure to pay accurately until two months after the premium is due, the full impact of the premium increase on enrollment will not be known until August.

**Quality Improvement Fee Assignment Report**

Ms. Rosenthal gave an update on the quality improvement fee (QIF) levied on Medi-Cal managed care plans effective July 1, 2005. At the May 25 meeting, the Board authorized the Executive Director to make determinations concerning the health plans' applications to assign their MRMIB contracts to a "sister" health plan in order to distinguish Medi-Cal coverage from MRMIB programs. To date, requests for assignment from Contra Costa Health Plan, Kern Family Health Plan, Inland Empire Health Plan, and San Francisco Health Plan have been approved.

**2004 California Children's Services (CCS) Status Report**

Vallita Lewis presented the CCS Status Report for the 2003-04 benefit year and summarized the report's key findings. The report can be found on MRMIB's web site at www.MRMIB.ca.gov in the HFP Special Reports section. The rate of referrals from plans to CCS remains fairly consistent with past years (1.4%). The rate of active HFP cases reported by counties remained fairly consistent as well (around 3% of HFP subscribers). However, the average cost per case has increased significantly over prior years—by about 18%. Noting that some plans had identified improvements in their systems as a reason for their increased referral rate, Ms. Gotlieb asked if staff had a sense of how well the referral process functions across the board. Ms. Lewis replied that staff may be able to assess this during discussions at the next CCS quarterly meeting in August. Chairman Allenby pointed out the substantial variation in utilization of CCS among the plans. He pointed out that Kaiser tends to provide CCS-type services themselves. He opined that it seems plans would be inclined to refer to CCS in order to save money. Ms. Cummings said it is a matter of outcomes, not just referrals--whether those being referred are actually enrolled. Ms. Gotlieb asked if historical data was available by the type of expenditure. Ms. Lewis said that information is contained

in the report, and staff could go back to earlier years to ascertain if there has been a significant change.

Chairman Allenby called for public comment.

Lynn Kersey of Maternal and Child Health Access suggested conducting outreach to plans and families to make them aware of CCS. She indicated that her organization would love to assist in this effort

Carole Welch from Kaiser said Kaiser is in the process of developing a CCS case management database that will facilitate tracking CCS cases—both those treated by Kaiser as well as those referred outside of Kaiser. This database will facilitate consistent reporting and enable Kaiser to increase its rate of reimbursement.

**HEALTHY KIDS BUY-IN**

Ms. Cummings first provided background on why MRMIB is working on a potential HFP buy-in for counties. A number of localities have developed or are attempting to develope locale Healthy Kids programs to provide coverage for children not eligible for public programs. Most of the existing programs have had the benefit of using local initiatives or county organized health systems to deliver health coverage. Several foundations have been generous funders of efforts to establish Healthy Kids programs. Further, the California Children & Families Commission (First 5) has established health coverage for children as one of its priorities and has provided grants to many local First 5 Commissions for coverage of children 0-5 years. All of these efforts have fueled a generalized movement for coverage of all children. The Chan/Escutia bills are one manifestation of the movement with the call for including all children in state programs. Ms. Cummings pointed out that staff had provided a document compiled by the Institute for Health Policy Solutions that details existing local efforts to establish Healthy Kids programs. The document is available at www.ihps-ca.org.

A number of localities are interested in establishing Healthy Kids programs that do not have local health plans to provide coverage and/or lack the local administrative infrastructure to implement a program. Several of these counties approached MRMIB staff and asked if it would be possible to provide Healthy Kids coverage to children through the HFP mechanism. The Administration sponsored trailer bill language in the recently signed budget to allow MRMIB staff to assess whether a buy-in is feasible and to implement it if it is. The state First 5 Commission funded three staff at MRMIB for the effort. Ms. Cummings introduced the MRMIB staff who are working on the buy-in. The project is located in the Eligibility Division. Ernesto Sanchez is the head of the project team which includes Sarah Swaney and Stephen LeFebre. An office technician will be hired to provide clerical support.

As Ms. Cummings prepared to review the first draft of design issues matrix and work plan, Chairman Allenby pointed out that there is no easy way to present the information because funding for coverage comes from many diverse funders with different

requirements for expenditure of the funds. Ms. Cummings agreed that while an HFP buy-in sounds like a simple idea, it is really very challenging and complex because many of the issues were inter-connected. She explained that staff would present the first draft at this meeting and a final design and work plan at the September meeting. Staff will be soliciting input on the design issues and timeframe from many interested parties and also asking counties to submit a letter of intent to give MRMIB some idea of what the demand for a buy-in program might be.

Ms. Cummings then reviewed the first draft of the design issues and staff recommendations. There was discussion among the Board and staff about ideas to make the buy-in work, such as: fiscal management, implementation costs, the impact on SCHIP funding, the legislative intent of AB 495, coordination among agencies at various levels of government, the role of the AV, AV system changes, contracting with health plans, rate structure, the application form and process, Medi-Cal, CCS, necessary changes in statutes, required emergency legislation, and so on. Chairman Allenby commended staff on the work accomplished to-date.

Chairman Allenby called for public comment.

Perry Rickard, Public Health Director for Kings County, said he just heard about the buy-in and is very excited about the prospect. The county has determined the largest challenge is development of the infrastructure. If Kings County could buy in, it would allow them to maximize dollars to purchase health care rather than administrative infrastructure. Approximately 4,000 are uninsured, but the county is not sure who qualifies for HFP and who qualifies for Medi-Cal. He commended First 5 for its leadership. They could not expand coverage without First 5's assistance. Regarding funding for coverage of children, Mr. Rickard affirmed that funding for children 0-5 years is easiest to obtain because of the First 5 funding effort and that getting funding for the older children is difficult. He thought that small and medium counties will be very interested in participating in a buy-in.

Emily Nahat, Deputy Director, Program Management Division, First 5 Commission, expressed the Commission's commitment to the project and thanked MRMIB staff for efforts to date.

## ACCESS FOR INFANTS AND MOTHERS (AIM) UPDATE

### Enrollment Report

Mr. Lucero reported that there are currently 6,727 women and 10,183 enrolled in the program. He reviewed the enrollment data, including infant gender percentage, ethnicity, and the counties and health plans with the highest percentage of enrollment.

## MAJOR RISK MEDICAL INSURANCE PROGRAM (MRMIP) UPDATE

### Enrollment Report

Mr. Lucero reported that there are currently 8,754 people enrolled in the program. As of July 1, there are 54 on the waiting list serving the post-enrollment waiting period. During the months of May and June there were 170 disenrolled pursuant to AB 1401. The total number of disenrollments pursuant to AB 1401 to-date is 11,510.

The program remains open to new subscribers since the enrollment is below the cap of 10, 718. The new enrollment cap will be reported in October. Ms. Gotlieb asked about the graduate evaluation. Ms. Cummings replied that the survey Joyce Iseri is working on is targeted for presentation in March 2006. The Legislative Analyst's Office review is due October 2005. The pilot ends in September 2007.

There being no further business to come before the Board, the meeting was adjourned.