

**Managed Risk Medical Insurance Board  
May 26, 2011, Public Session**

Board Members Present: Richard Figueroa (chaired meeting)  
Samuel Garrison  
Sophia Chang, MD, MPH

Ex Officio Members Present: Katie Marcellus, Designee for the Secretary of the  
California Health and Human Services Agency  
Jack Campana, Chairman of the Healthy Families  
Advisory Panel

Staff Present: Janette Casillas, Executive Director  
Shelley Rouillard, Deputy Director, Benefits &  
Quality Monitoring  
Ernesto Sanchez, Deputy Director, Eligibility,  
Enrollment & Marketing  
Jeanie Esajian, Deputy Director, Legislative &  
External Affairs  
Terresa Krum, Deputy Director, Administration  
Laura Rosenthal, Chief Counsel, Legal  
Seth Brunner, Senior Staff Counsel, Legal  
Tony Lee, Manager, Administration  
Thien Lam, Assistant Deputy Director, Eligibility,  
Enrollment & Marketing  
John Symkowick, Legislative Coordinator,  
Legislative & External Affairs  
Sarah Soto-Taylor, Supervisory Manager, Special  
Projects Eligibility, Enrollment & Marketing  
Muhammad Nawaz, Manager, Benefits & Quality  
Monitoring  
Donna Lagarias, Benefits & Quality Monitoring  
Maria Angel, Executive Assistant to the Board and the  
Executive Director  
Heidi Holt, Board Assistant

Speakers: Vanessa Baird, Deputy Director,  
California Department of Health Care Services

Board Member Richard Figueroa called the meeting to order at 10 a.m. The Board adjourned into Executive Session and resumed the Public Session at 12:00 p.m.

Before the Board's business began, Mr. Figueroa presented Board Member Sophia Chang with a token of appreciation upon her retirement from the Board.

Mr. Figueroa stated that Dr. Chang has been a wonderful member of the Board, whose clinical expertise was very much appreciated, especially in designing a benefits package for the Pre-Existing Condition Insurance Plan and in focusing on preventive health care, chronic disease and case management.

Dr. Chang stated that it was an honor to serve on the Board, with such a devoted, focused and professional group as the California Health and Human Services Agency and the Managed Risk Medical Insurance Board. She indicated that there have been rocky times and still rocky shores to maneuver ahead. Most impressive have been the focus and clarity of the mission and the focus on the children being served by MRMIB. It has been that clarity of mission, and the devotion and the hard work of the staff that that put all the children in the Healthy Families Program -- 800,000 plus -- into health plans. She stated that there will be hard work ahead to assure a transition is as smooth as possible for the children and families. Dr. Chang said that leaving the Board was bittersweet and that she was always available to help.

Mr. Figueroa thanked Dr. Chang for her work on behalf of the Board.

### **REVIEW AND APPROVAL OF MINUTES OF MAY 12, 2011 PUBLIC SESSION**

The minutes were unanimously approved as submitted.

The May 12, 2011 Public Session Minutes are located at:

[http://mrmib.ca.gov/MRMIB/Agenda\\_Minutes\\_052611/Agenda\\_Item\\_3\\_Public\\_Minutes\\_5-12-11\\_Final.pdf](http://mrmib.ca.gov/MRMIB/Agenda_Minutes_052611/Agenda_Item_3_Public_Minutes_5-12-11_Final.pdf)

### **STATE BUDGET UPDATE**

#### **Overview of the Budget for MRMIB Programs**

Terresa Krum, Deputy Director for Administration, reported on Agenda Item 4.a, the State Budget Update. The Governor's May Revision proposal includes a total of \$1.4 billion for all of MRMIB's programs, including funding for the Pre-Existing Condition Insurance Plan. Of this amount, \$16.5 million is for state operations and \$1.3 billion is for local assistance. The year-end total enrollment estimate for the Healthy Families Program will be zero subscribers, reflecting the proposal to shift all HFP eligibles to Medi-Cal. Under this proposal, new HFP eligible children would enroll directly in Medi-Cal beginning January 1, 2012, and a total of 891,700 HFP subscribers would transition to Medi-Cal between January 1, 2012 and June 30, 2012. For the Access for Infants and Mothers Program, a total annual enrollment of 11,283 subscribers is estimated, representing an increase of 70 subscribers over the current year for a .62 percent increase.

For the Major Risk Medical Insurance Program, funding for 7,800 subscribers is allocated with no current wait list. For the County Children's Health Initiative Matching Fund, there is funding for a total annual enrollment of 12,047 subscribers, which is a decrease of 11 subscribers. For PCIP there is funding for a maximum of 24,300 subscribers. As of April 30, there were 2,436 enrollees in the program.

Significant May Revision budget decisions related to HFP, in addition to the previously discussed shift of subscribers to Medi-Cal, are:

- The effective date for premium increases was changed from June 1 to July 1, 2011.
- The effective date of co-payment increases was changed from October 1 to November 1, 2011. (Both the premium and the co-payment increases remain contingent upon federal approval.)
- The effective date of the restructure of the vision benefit was changed from July 1 to August 1, 2011.

The budget assumes that the Managed Care Organization tax will be extended through December 31, 2013, and is expected to result in \$103 million to HFP combined with carry-over in the MCO tax from 2010-11. This would reduce 2011-12 General Fund costs. The May revision also assumes that retroactive payments for the prospective payment system that were anticipated to occur in this current fiscal year will be moved to the budget year.

For the Access for Infants and Mother's Program, effective October 1, MRMIB proposes using the Medical Fee-for-Service Network as a delivery system for all new subscribers. Any current subscribers would continue in the current health plan until service is completed.

The Overview of the Budget for MRMIB Programs document can be found at: [http://mrmib.ca.gov/MRMIB/Agenda\\_Minutes\\_052611/Agenda\\_item\\_4.a\\_Govs\\_May\\_Rev\\_Overview\\_2011-12.pdf](http://mrmib.ca.gov/MRMIB/Agenda_Minutes_052611/Agenda_item_4.a_Govs_May_Rev_Overview_2011-12.pdf)

#### Impact of the Administration's Proposal to Eliminate the Board and the Transition of its Programs to the Department of Health Care Services

Deputy Director Krum reported on Agenda Item 4.b, which is a collection of letters received from various organizations regarding the proposed shift of HFP subscribers to Medi-Cal. Additionally, Katie Marcellus, Assistant Secretary, California Health and Human Services Agency and the Secretary's designee on the Board, was present to provide a brief overview of the proposal.

Ms. Marcellus acknowledged the hard work of MRMIB staff, the many ups and downs of the last several years, and the staff's grace and commitment to the programs operated by the Board. She stated that it has been privilege to serve on the Board for the last year and a half.

Ms. Marcellus stated that the proposal includes transfer of children enrolled in Healthy Families to Medi-Cal, beginning January 1, of 2012, over a six-month period. This

proposal began with a look at the “bright line” population, the population at 100 to 133 percent of the federal poverty level (FPL) – This population would have to go to Medi-Cal beginning 2014, under health care reform. Ms. Marcellus stated that, as the proposal concerning this population was reviewed, the opportunities to further streamline and simplify coverage by consolidating the two programs resulted.

Ms. Marcellus stated that the second component is dissolving the Managed Risk Medical Insurance Board as of June 30, 2012, and transferring the rest of MRMIB’s programs to the Department of Health Care Services. That process would start for the AIM Program in the budget year using the Medi-Cal Fee-for-Service Network, and would be completed in 2012-13. PCIP, MRMIP and the CHIM programs would be shifted to DHCS in 2012-13. This is consistent with the Governor’s focus on streamlining government operations. There are many stakeholder questions and comments from advocates, plan partners and providers, and the Administration plans to respond to those comments and to work with these groups if this transition occurs.

Vanessa Baird, DHCS Deputy Director of Healthcare Eligibility and Benefits, presented the key elements of the Administration’s proposal and noted that a large team of individuals at DHCS is working on the transition. Beginning in the area of overall eligibility, she stated that a new applicant today would come through the Single Point of Entry (SPE), administered through the Maximus contract. Today, families may go through the counties to apply for either Healthy Families, Medi-Cal or both. The Administration’s proposal will not change that. Under Medicaid law, either a state employee or a county employee must make the eligibility determination no matter what door the person goes through.

Ms. Baird stated that, if a family applies through SPE, the family must provide the necessary information for enrollment. The SPE contractor will review the information, ensure a complete enrollment package and forward it to the county for a final eligibility determination. The county will keep and maintain the cases of children with family income up to 150 percent FPL. Families with income above 150 percent FPL will be subject to a premium. The counties will return those cases to SPE, where they will be maintained and premiums collected. She stated that, if something were to change in the family’s circumstance and the family income were to fall below 150 percent FPL, SPE would then re-route that case back to the county even before the redetermination date in order to determine Medi-Cal eligibility. For the higher income families, SPE would provide notification when the redetermination date was approaching.

Ms. Baird explained the Administration’s expectation that a few selected counties would do SPE redeterminations to take advantage of economies of scale, regardless of the applicant’s county. Families whose cases are maintained by counties will go through the normal county redetermination process. If the transition occurs, children already in Healthy Families will retain their HFP redetermination date for Medi-Cal purposes. The transition will be critical; it will be very important that DHCS staff can work with MRMIB staff and the health plans in getting the data necessary.

Ms. Baird addressed the issue of overlap between Healthy Families health plans and Medi-Cal health plans. DHCS has done some preliminary overlap assessments. Although it has been said that there is extreme overlap between Medi-Cal Managed Care and Healthy Families plans, it is not that way statewide. Medi-Cal Managed Care

exists in the most populous counties, but not in the rural counties. It is anticipated that approximately 50,000 children currently in Healthy Families are residing in counties where they would go into the fee-for-service Medi-Cal system. DHCS staff needs additional data to assess the situation.

She explained that, in looking purely at the health plans that contract with DHCS, there appears to be about a 52 percent overlap between HFP and Medi-Cal plans. For example, the Santa Clara Family Health Plan is in Healthy Families and is also in Medi-Cal Managed Care. In addition, there are plans with which Healthy Families contracts directly that are subcontractors in the Medi-Cal Managed Care system. DHCS staff drilled down further to see if, for example, Blue Cross had HFP children enrolled in Los Angeles. In Medi-Cal, Blue Cross is a subcontractor in Los Angeles County. Staff drilled down to look at the overlap between Healthy Families plans and plans that serve Medi-Cal as subcontractors. That exercise showed an overlap of approximately 72 percent.

Ms. Baird explained that this is important because the goal is, to the extent possible, to keep the child with the same plan and provider in the transition from HFP to Medi-Cal. It will be important to get more information about the plans and providers in which the Healthy Families children are enrolled to drill down even further. The phased transition begins January 1, of 2012, with the goal of completing it by June 30, of 2012. For children currently in Healthy Families, there will be three phases. The first couple of months will be the transition of children who can move from a plan in Healthy Families to the same plan in Medi-Cal, whether the Medi-Cal plan is a directly contracted Medi-Cal plan or a subcontracted Medi-Cal plan. The second phase will be in March and April of 2012, for children who are transferring in Medi-Cal Managed Care counties and will have to go to a different plan. This phase is delayed to allow time for proper notice to these subscribers. The final phase is the transition of approximately 50,000 children into fee-for-service; this will occur by the last two months of the transition.

Ms. Baird stated that transitioning into fee-for-service will be a difficult challenge and will require information on where HFP children are currently getting services to determine if those providers are participants in Medi-Cal. There will be an effort to work with the provider community through Medi-Cal's Provider Enrollment Division to encourage enrollment in Medi-Cal for those providers not yet enrolled and to facilitate a streamlined application process. Medi-Cal staff wants to know if a child is going into fee-for-service or managed care to provide the family with as much information as possible – at minimum 90 days in advance. Medi-Cal will seek to provide additional assistance to families, and will work closely with its health plans and enrollment brokers to facilitate transfers for all children, whether they are going into fee-for-service or managed care. Some counties have a county-organized health system; this is a single health plan with many providers to choose from. In those nine or 10 counties, the family will automatically be enrolled in the County Organized Healthy System. It is Medi-Cal's intent to keep families in the same plan in which they are currently enrolled. If there is a choice in a particular county, the family will be notified of that choice and given a timeline for selecting a plan.

Ms. Baird explained that Medi-Cal Dental Managed Care exists only in Sacramento and Los Angeles. In Sacramento, it is mandatory, so HFP children will be enrolled. Medi-Cal will look for overlap in transitioning children to keep them in the same plans, where possible. In Los Angeles, Medi-Cal Dental Managed Care is voluntary, so families will

have a choice of either Medi-Cal Dental Fee-for-Service, administered by Delta Dental, or dental plans. Many stakeholders have contacted Medi-Cal with regard to dental coverage. Managed care dental plans have also contacted the department to pursue interest in working to grow Dental Managed Care. This is something Medi-Cal is looking into. Medi-Cal needs assistance from MRMIB staff and the health plans in obtaining as much information as possible on where HFP children are served in order to facilitate the transition. Medi-Cal anticipates numerous meetings with stakeholders to clarify details of the proposal and to perhaps make some adjustments. The goal is to continue to support the families who want health care for their children and honor that desire to ensure their children get access through the Medi-Cal system.

Ms. Marcellus said that the proposal also includes transition of the other MRMIB programs to the Department of Health Care Services by July 1, 2012. With the agreement the Administration worked on with MRMIB staff, AIM Fee-for-Service would begin in October. After those women deliver and get the 60 days of post-partum care, all new enrollees will be in the Medi-Cal Fee-for-Service system. No policy changes are anticipated for AIM; the intention is to keep things the same, but with the move to the Medi-Cal system. As for the other three programs, MRMIP, PCIP and administration of the CHIM Fund, the intention is to bring them into DHCS intact as they operate today for the duration of the time those programs exist.

Board Member Figueroa asked if there were any questions or comments from the Board.

Dr. Chang asked how CMS felt about the proposal to move MRMIB programs to DHCS.

Ms. Baird said she did not know and had not personally been involved in any discussions with CMS on this subject. However, CMS staff at Region IX and in Baltimore keep a very close eye on what is going on with the states. Because of health care reform, under which some children were going to become Medicaid eligible anyway, there was an expectation that the state would start moving down this path. The new part, obviously, is transitioning an expanded population, up to 250 percent FPL. Medi-Cal expects CMS to be very interested in seeing that the children be transitioned in as smooth a manner as possible and with access to services. These are the types of questions CMS will have. DHCS will submit a state plan amendment that will initiate an opportunity for engagement through the process of securing CMS approval. There is nothing specific to report today, but CMS is not a rubber stamp. CMS is aware that DHCS is working with MRMIB on the AIM Fee-For-Service option, slated to begin in October, and the plan to provide another enrollment option in counties where HFP has only one plan; this is being done to comply with CHIPRA. CMS is also aware of the relationship between DHCS and MRMIB for purposes of meeting the CHIPRA requirement for paying Federally Qualified Health Centers at Medicaid's Prospective Payment System rate as required by CHIPRA. CMS is well aware of what has been happening in California and what has been proposed.

Board Member Figueroa voiced concern that the changes proposed in the eligibility process would violate the Maintenance of Effort (MOE) provision of the Affordable Care Act, depending on how some of the language is interpreted and the steps involved in being finalized, and expressed concern about whether or not that would be deemed or seen as an initial impediment to getting enrolled right away.

Ms. Baird said an example of an area where no change is proposed, based on concern about violating the MOE, is the provision of accelerated enrollment (presumptive eligibility) at SPE. This is to prevent the perception that eligibility has been made more difficult for children and families.

Mr. Figueroa said a board should not exist just to exist. The discussion of eliminating the Board was anticipated because some of the Board's programs were designed to end. The Board never wanted to have a program for medically high-risk individuals, but because there was no guarantee issue of individual health coverage, the Board became the outlet for that program. The Board has been collaborative with DHCS in working on the AIM proposal and felt that was the right way to go.

Mr. Figueroa indicated that the Board has raised major concerns, as evidenced in the letter posted the previous Monday outlining a number of grave concerns about the pace and the details of the proposal. Speaking for himself, Mr. Figueroa said the clarifications provided by Ms. Marcellus and Ms. Baird were appreciated, along with the work to provide the information. However, those concerns still remain, at least on Mr. Figueroa's part. It is unknown what the Legislature will ultimately do, but the hope is that the Board's input will lead to a more robust discussion as the proposal moves forward.

Ms. Marcellus said it was her belief that this has happened and commended DHCS and MRMIB on their collaborative work to start looking at all the transition details. Mr. Figueroa thanked Ms. Marcellus and Ms. Baird for their comments and for providing an opportunity for all meeting attendees to hear the full depth and workings of the proposed transition.

He asked if there were any questions or comments from the audience. There were none.

The various Responses to the Administration's Proposal to Eliminate the Board, et al., is located at:

[http://mrmib.ca.gov/MRMIB/Agenda\\_Minutes\\_052611/Agenda\\_Item\\_4.b\\_State\\_Budget\\_Update-Impact\\_of\\_Admin\\_Proposal\\_to\\_Eliminate\\_the%20Board\\_and\\_Transition\\_its\\_Programs\\_to\\_DHCS.pdf](http://mrmib.ca.gov/MRMIB/Agenda_Minutes_052611/Agenda_Item_4.b_State_Budget_Update-Impact_of_Admin_Proposal_to_Eliminate_the%20Board_and_Transition_its_Programs_to_DHCS.pdf)

## **STATE LEGISLATION**

### **Summary of Key Legislation**

John Symkowick, Legislative Coordinator, reported on Agenda Item 5.a, State Legislation. AB 1083 by Assembly Member Monning was added to the list of bills tracked by staff. This bill conforms state law to the Affordable Care Act and includes the prohibition on pre-existing condition exclusions or denials. Staff is closely watching bills of interest as the deadline approaches for bills to exit their houses of origin.

Board Member Figueroa asked if there were any questions or comments from the Board. Hearing none, he asked if there were any questions or comments from the audience. There were none.

The Summary of Key Legislation is located at:

[http://mrmib.ca.gov/MRMIB/Agenda\\_Minutes\\_052611/Agenda\\_Item\\_5.a\\_State\\_Legislative\\_Report.pdf](http://mrmib.ca.gov/MRMIB/Agenda_Minutes_052611/Agenda_Item_5.a_State_Legislative_Report.pdf)

### SB 703 (Hernandez) Basic Health Plan

This item was a place holder and a report was not presented.

### **MAJOR RISK MEDICAL INSURANCE PROGRAM (MRMIP) UPDATE** **Semi-Annual Enrollment Estimate**

Terresa Krum, Deputy Director for Administration, reported on Agenda Item 6, the Major Risk Medical Insurance Program (MRMIP) Update. The report provided the semi-annual MRMIP enrollment estimate provided by the Board's contracted actuary, PricewaterhouseCoopers. The analysis considers both a cash and an accrual estimating methodology to develop the recommended enrollment limit. The recommendation is to increase the enrollment limit to 8,000 for this program. It was further recommended that the Board consider changing MRMIP benefits and premiums to be more in line with those of the PCIP program.

Board Member Figueroa asked if there were any questions or comments from the Board. Hearing none, he asked if there were any questions or comments from the audience. There were none.

The MRMIP Semi-Annual Enrollment Estimate can be found at:

[http://mrmib.ca.gov/MRMIB/Agenda\\_Minutes\\_052611/Agenda\\_Item\\_6.a\\_MRMIP\\_Enrollment\\_Estimate.pdf](http://mrmib.ca.gov/MRMIB/Agenda_Minutes_052611/Agenda_Item_6.a_MRMIP_Enrollment_Estimate.pdf)

### **HEALTHY FAMILIES PROGRAM (HFP) UPDATE**

#### Approval of 2011-12 Health & Dental Plan Contract Amendments and Extensions

Ms. Krum reported on Agenda Item 7.a.i, approval of 2011-12 health and dental plan contract amendments and extensions. Staff requested authority to enter into contracts or contract extensions at the rates negotiated for the health plans listed on Attachment A.

Board Member Figueroa thanked the staff for the work put into making this happen in the regular timeframe. Obviously, the May Revision proposal led to a lot of concerns and confusion, and questions about what that meant for the contracts. Staff did everything possible to ensure the least program disruption and provide the best quality care at a cost-effective price for the state. He also expressed kudos to the plans for stepping up and working through a difficult process to get to a conclusion and to provide broad access through multiple health plans statewide, including rural areas. This issue of statewide access is part of the Board's concern about the May Revise. He expressed thanks for all the work of MRMIB leadership, staff and plans.

Ms. Krum said, on behalf of Executive Director Janette Casillas, that MRMIB has always worked in partnership with the health plans, but that this year in particular, the plans were especially generous and that was very much appreciated.

Board Member Figueroa asked for a motion to approve the three resolutions included as Agenda Item 7.a.i, concerning Healthy Families Program Health Services, State Supported Services and Dental Services agreements. The motion was made, seconded and unanimously adopted.

The Resolutions Approving the 2011-12 Health & Dental Plan Contract Amendments and Extensions are located at:

[http://mrmib.ca.gov/MRMIB/Agenda\\_Minutes\\_052611/Agenda\\_Item\\_7.a.i.pdf](http://mrmib.ca.gov/MRMIB/Agenda_Minutes_052611/Agenda_Item_7.a.i.pdf)

The Healthy Families Program Plan Coverage Areas Grid is located at:

[http://www.mrmib.ca.gov/MRMIB/Agenda\\_Minutes\\_052611/Agenda\\_Item\\_7.a.ii.pdf](http://www.mrmib.ca.gov/MRMIB/Agenda_Minutes_052611/Agenda_Item_7.a.ii.pdf)

### Designation of Community Provider Plans for 2011-12

Shelley Rouillard, Deputy Director for Benefits and Quality Monitoring, reported on Agenda Item 7.bi, the Designation of Community Provider Plans for 2011-12. The Board was presented with a document identifying the CPP for each county. Audits were conducted in twelve of the counties. She acknowledged staff for their efforts, including Donna Lagarias and Aiming Zhai, who devoted many hours to checking contracts and verifying the providers in each plan's network.

Board Member Figueroa asked if there were any questions or comments from the Board. Hearing none, he asked if there were any questions or comments from the audience. There were none.

The motion to designate as Community Provider Plans for 2011-12 the plans listed in Attachment I (one) of Agenda item 7.b was seconded and unanimously adopted.

The Designation of Community Provider Plans for 2011-12 can be found at:

[http://mrmib.ca.gov/MRMIB/Agenda\\_Minutes\\_052611/Agenda\\_Item\\_7.b\\_Designation\\_of\\_Community\\_Provider\\_Plans\\_for\\_2011-12.pdf](http://mrmib.ca.gov/MRMIB/Agenda_Minutes_052611/Agenda_Item_7.b_Designation_of_Community_Provider_Plans_for_2011-12.pdf)

Ms. Krum noted that Agenda Item 7.a.ii was a handout showing the coverage areas of each plan by county within the Healthy Families Program.

Board Member Figueroa asked if there were any questions or comments from the Board. Hearing none, he asked if there were any questions or comments from the audience. There were none.

Board Member Figueroa again thanked Dr. Chang for her tenure on the Board and hoped there would be a future opportunity to work together again in some public service capacity. Board Member Chang accepted the thanks and commended the Board for the wonderful work it does.

The meeting was adjourned at 12:42 p.m.