

**Managed Risk Medical Insurance Board
September 16, 2009, Public Session**

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

Ex Officio Members Present: Ed Heidig, Bob Sands

Staff Present: Lesley Cummings, Executive Director; Janette Lopez, Chief Deputy Director; Seth Brunner, Senior Staff Counsel; Shelley Rouillard, Deputy Director for Benefits and Quality Monitoring; Terresa Krum, Deputy Director of Administration, Ginny Puddefoot, Deputy Director of Office of Health Policy and Legislative and External Affairs; Thien Lam, Manager for Eligibility, Enrollment, and Marketing Division; Kathi Dobrinen, Manager with the Eligibility, Enrollment, and Marketing Division; Anjonette Dillard, Manager in the Eligibility, Enrollment, and Marketing Division; Larry Lucero, Manager in the Eligibility, Enrollment, and Marketing Division; Raymond Titano, Analyst with the Benefits and Quality Monitoring Division; Will Turner, Analyst with the Office of Health Policy and Legislative and External Affairs; Stacey Sappington, Executive Assistant to the Board and the Executive Director.

Chairman Allenby called the meeting to order at 10:00 a.m. The Board then went into Executive Session. It reconvened for Public Items at 11:00 a.m.

**REVIEW AND APPROVAL OF MINUTES OF AUGUST 13, 2009 AND
AUGUST 20, 2009**

The Board unanimously approved the minutes of the August 13th and August 20th meetings with one technical change to the minutes of August 20th to note that Ms. Rouillard was not in attendance at the meeting.

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

The minutes can be found at:

http://www.mrmib.ca.gov/MRMIB/Agenda_Minutes_091609/Public_8-13-09_draft.pdf

and:

http://www.mrmib.ca.gov/MRMIB/Agenda_Minutes_091609/Public_8-20-09_Draft.pdf

FEDERAL BUDGET, LEGISLATION AND EXECUTIVE BRANCH ACTIVITY

Ms. Puddefoot reviewed with the Board the framework for national health care reform released last week by Chairman Baucus of the Senate Finance Committee. Staff will be reviewing the actual bill that will be released imminently. Ms. Puddefoot highlighted a number of the framework's features. The framework contains tax credits for small businesses and increased funding for high risk pools. There are a number of market reforms and insurance market reforms proposed, including individual market reforms for guaranteed issue coverage that prohibit preexisting condition exclusions. It does not contain the option for a public plan. Rather, it proposed a series of non-profit member-owned healthcare cooperatives. The Children's Health Insurance Program (CHIP) would sunset by 2013 after which children would get coverage with their families in the healthcare cooperatives. States would be required to provide children with a benefit wraparound for additional services.

Ms. Cummings pointed out that the fact that MRMIP is not a qualified high risk pool could be a concern regarding receipt of federal funding for high risk pools. She has discussed the matter with CHHS Agency staff and the Governor's office in Washington DC. California will need to assure that the funding be provided in such a way that MRMIP qualifies.

Chairman Allenby asked for any other comments or questions from the Board or the audience. There were none.

STATE BUDGET

Ms. Krum reported that there is nothing new to report on the budget.

STATE LEGISLATION

Mr. Turner noted that September 11th was the last date for each house to pass bills, and October 11th is the last day for the Governor to sign bills. AB 1422 (Bass) has passed the Legislature and is on the Governor's desk. It establishes a gross premium tax on Medi-Cal managed providers and designates a majority

of the revenues from that tax for the Healthy Families Program, \$97 million for this fiscal year. The Governor issued a press release on the day the bill passed stating his intention of signing the bill when it reached his desk. He also highlighted AB 1383 (Jones). AB 1383 has been amended significantly, but still contains \$80 million for children's healthcare.

Chairman Allenby asked for any questions or comments from the Board or comments from the audience. There were none.

The legislative summaries can be found at:

http://www.mrmib.ca.gov/MRMIB/Agenda_Minutes_091609/Agenda_Item_6.a_State_legislation_Regular_Session.pdf

and:

http://www.mrmib.ca.gov/MRMIB/Agenda_Minutes_091609/Agenda_Item_6.b_State_legislation_Special_Session.pdf

EXTENSION OF CONTRACTS FOR ACTUARIAL SERVICES: PRICEWATERHOUSE COOPERS AND MERCER

Ms. Krum asked the Board to authorize a one-year extension and \$100,000 augmentation for both of the Board's two actuarial auditing and consulting contracts, PricewaterhouseCoopers and Mercer. After this extension, staff intend to put the contracts out to bid.

Chairman Allenby called for any questions. The Board then moved and voted unanimously to approve the extensions. The extensions were included in the two resolutions provided in Agenda Item 7.a.

This document can be found at:

http://mrmib.ca.gov/MRMIB/Agenda_Minutes_091609/Agenda_item_7.pdf

HEALTHY FAMILIES PROGRAM (HFP) UPDATE

Enrollment and Single Point of Entry Report and Administrative Vendor Performance Report

Ms. Lam reported that, as of the end of August, HFP had 896,600 children enrolled. The total number of children enrolled in the program has decreased by almost 3 percent, compared to the month of July. The decrease in the total number of children enrolled in the program may be attributed to children who were disenrolled but could not reenroll due to the waiting list.

The report shows 2,100 children new subscribers in spite of the wait list. The new subscribers are those who are exempt from the waiting list and subscribers that pre-enrolled into the program as a result of their no cost Medi-Cal coverage

ending. Program regulations allow families to pre-enroll three months prior to the no cost Medi-Cal coverage ending. The enrollment of these children occurred prior to the waiting list but their effective date of coverage did not occur until August. They are identified as new subscribers in the month of August.

There was a significant decrease in August in the number of applications processed at single point of entry. The August volume is the lowest number of applications processed within the last four and a half years. In August, 16,900 applications were processed. In 2009, Single Point of Entry generally processed between 26,000 to 34,000 applications in a given month. Due to the elimination of certified application assistant (CAA) reimbursement, there has also been a significant decrease (17%) in the numbers of applications assisted by CAAs in August. Eighteen percent (18%) of applications received CAA assistance in August. The average in 2009 was 35 percent.

Ms. Lam reported that the administrative vendor continues to meet all the areas of performance quality and accuracy standards.

Chairman Allenby called for any questions or comments from the Board or comments from the audience.

Dr. Crowell congratulated the vendor for its performance, noting that it had received a very high volume of calls because of the wait list.

These documents can be found at:

http://www.mrmib.ca.gov/MRMIB/Agenda_Minutes_091609/Agenda_Item_8.a_H_FP_Enrollment_Summary.pdf

and:

http://www.mrmib.ca.gov/MRMIB/Agenda_Minutes_091609/Agenda_Item_8.b_H_FP_Adm_Vendor_Perf_August_2009_Summary.pdf

Waiting List

Ms. Lam reported that there are over 88,700 children placed on the Healthy Families waiting list, an additional 18,000 additional children since the last report. Approximately 32.5 percent of the children on the waiting list have been on the waiting list for less than one month. About 35 percent of the children are between the ages of zero and five. Ms. Lam indicated that staff has posted a new version of the waitlist report on the website which identifies the number of children on the wait list by county.

Chairman Allenby asked the Board for any questions or comments and asked if there were comments from the audience. There were none.

This document can be found at:

http://www.mrmib.ca.gov/MRMIB/Agenda_Minutes_091609/Agenda_Item_8.c.ii_HFP_Waiting_List_Age_County_Chart_09142009.pdf

Status of Efforts to Fund the Program

Ms. Cummings reported on HFP's fiscal status. The Board has enacted program changes that, combined with the premium increases in AB 1422, save about \$17 million dollars. The First 5 Commission has committed \$81.4 million for coverage of children aged 0-5. AB 1422 would provide over \$90 million in fee revenue in the current year. The bill has not yet been signed by the Governor, but, as previously discussed, the Governor issued a press release assuring his signature. She suggested that Ms. Krum review with the Board a chart included in the packet under a later agenda item (8.f), indicating that it would help the Board to understand staff's assessment of the adequacy of funding for the program and the cautionary notes that accompany the assessment.

Ms. Krum then reviewed the chart with the Board. Given estimated program costs and the funding and savings Ms. Cummings discussed, staff estimate an ending year balance for the current year of \$27,000 General Fund—which would be cutting things very close. Staff wanted to assure that the cash flow would work out, so the second part of the chart details when the various revenue would be received during the year. The Managed Care Organization (MCO) tax doesn't take affect until January. It appears that the program will have adequate funding throughout the year. Ms. Krum advised on the areas of the estimate that could cause problems. It is based on the May Revision caseload information, the caseload trends and cost as the basis for identifying needed funds. The May Revise assumed \$17 million in General Fund savings due to increased disenrollment or less retention associated with the February premium increase. That may or may not occur. Additionally, staff have yet to negotiate with the plans and get these contracts in place to achieve the program savings.

Implementation of Program Changes

Ms. Cummings asked Ms. Lopez to advise the Board on staff efforts to achieve the program savings.

Ms. Lopez reported that staff would be bringing the Board a package of regulations at the October Board meeting to conform the regulations to the increases in subscriber premiums that were enacted by AB 1422. The other portion of the savings is associated with increases in co-payments which will result in a reduction in plan capitation rates. She has been contacting plans to make them aware of this decrease, and she plans to bring the revised plan rates to the October meeting for Board approval. These will take effect November 1st. Staff also is working with MAXIMUS, the administrative vendor, to make sure that all the program changes are operational on that date.

Chairman Allenby asked for any questions or comments. Ms. Cummings replied that Ms. Krum needed to finish her presentation on HFP's fiscal status.

Status of Efforts to Fund the Program (continued)

Ms. Krum continued discussing the areas of the estimate that could be problematic. She reiterated that the estimate relied on the caseload trends included with the May Revision. Staff has just begun working on the November estimate (for the January budget). Estimating enrollment for the year is an extreme challenge given the many major events that have occurred or are occurring in the program (the wait list, the February 2009 premium increase, the premium increases that will take effect November 1) and the general economic trend. What staff has presented today are the best numbers available at this moment.

Ms. Cummings summarized. The estimate shows that there appears to be adequate funding to un-ring the bell about disenrolling children. Regarding lifting the waiting list, if any of the program's costs increase above those presented in the chart, HFP could be in a pickle later in the year and the Board may have to revisit the topic of waiting lists. But staff's assessment is that there is adequate funding to reverse the disenrollment action and undo the waiting list. Staff recommends that the Board do so and that MAXIMUS begin enrolling children starting September 17th.

MAXIMUS will have to work through a backlog of some 43,000 applications; some old and most incomplete. Doing so will take some time. The goal is to complete the work in 20 business days to work through that many applications. Being "open for enrollment" during this period means that as MAXIMUS works an application and completes it, the vendor can enroll an eligible child. The child's coverage would begin ten days later in the plan that the family has chosen.

Consideration of Findings Pursuant to Title 10 California Code of Regulations Section 2699.6603 to Limit Enrollment Consistent with Funding

Chairman Allenby commented that prior to doing the motion to cancel the requirement for disenrollments at annual eligibility review and lift the wait list, he wanted to acknowledge that the solution developed for HFP had been one worked out by many different stakeholders. There have been times when it looked like it might not come together. With everybody working together it has been accomplished. The Board will proceed in approving the resolutions.

Ms. Cummings indicated that staff would proceed to pass out the resolutions to the Board and the public. While doing so, Ms. Cummings mentioned the list will be worked on a first come, first served basis.

Dr. Crowell remarked that the Board acknowledges that there are risks in re-opening the program, but the Board has always done whatever it can to make sure the program is operating and covering as many children as possible. The Board may have to revisit the topic if costs exceed revenues. She expressed thanks to all for the hard work that has led to the resolution, noting that she had not been physically present for the process, but had been tracking developments and was quite aware of its developments.

Chairman Allenby asked for a motion to adopt the determination included as Agenda Item 8.f. The motion was made and seconded. The Chairman asked for any further discussion. There was none. The Board approved the motion unanimously.

This document can be found at:

http://www.mrmib.ca.gov/MRMIB/Agenda_Minutes_091609/Agenda_Item_8.f_MRMIB_Determination_Cease_Wait_List.pdf

Ms. Cummings added for the record that she concurred with the Board's determination. Chairman Allenby expressed his appreciation for her concurrence.

Mr. Figueroa expressed his thanks to those who contributed to the solution for HFP. Plans put the idea of a gross premium tax on the table and the plans, advocates and others helped with legislative staff and leadership on both sides of the aisle. He acknowledged the contributions of the Governor's office and the CHHS Agency. There were a lot of ways that it might not have happened, a lot of off-ramps and exits on the highway as many in the audience know. It took immense effort to keep that car moving along and not fall off the road.

Chairman Allenby expressed thanks to MAXIMUS management for delaying plans to lay off several hundred staff to assure that trained staff were available if a solution emerged.

Consideration of Clarifications and Corrections to Regulations Adopted August 27, 2009 Concerning Choice of Dental Plan

Ms. Cummings suggested that the Board next take up Agenda Item 8.g., regulations concerning choice of dental plans.

Ms. Lam informed the Board that staff had concluded that it was necessary to make a modification to the regulations on dental plan selection adopted by the Board at the August 27th Board meeting. These regulations revise the selection of dental plans during the first two years of enrollment in HFP to be consistent with the rules for state employees in their first two years of employment with the state. Specifically, state employees are limited to managed care plans in their first two years of service if one is available in their service area. Staff are re-

presenting the regulations and the proposed regulations before the Board show both the changes approved at the prior meeting as well as the technical corrections proposed today. The later are bolded in the document.

These corrections clarify that the requirement applies only to children enrolled in the program on or after November 1st, 2009. They also specify that children who were previously enrolled in HFP for two consecutive years and re-enroll are exempt from the requirement. They also specify that newly enrolled children who have sibling already enrolled in a dental plan can be in the same plan as the sibling. The subsection concerning transfer of enrollment was restructured to improve readability. Finally, the language specifies that the restriction on dental plan choice applies during the open enrollment period.

Chairman Allenby asked for clarification regarding how the proposed regulations treat a child enrolled prior to November 1st. Ms. Cummings replied that the restricted plan choice would not apply before November 1.

Mr. Brunner added that the proposed regulations before the Board are one part of a package of regulations the Board approved at the last meeting. These will be submitted to the Office of Administrative Law to take effect November 1st.

Ms. Lam requested that Board adopt the revised regulations.

Mr. Figueroa asked what would happen in the event that a parent of a child enrolled after November 1 is dissatisfied with the dental coverage and wants to move the child to another plan within the first 3 months (as is provided for by present regulations).

Ms. Lam replied that the family's choice of plan would be limited to other managed care dental plans.

Chairman Allenby asked for, and received a motion and a second, to approve the finding of emergency and adoption of regulations included as Agenda Item 8.e. He asked for any further discussion. There was none. He asked members to vote. The revised regulations were unanimously approved.

This document can be found at:

http://www.mrmib.ca.gov/MRMIB/Agenda_Minutes_091609/Agenda_Item_8.e.pdf

Report on Local Children's Health Care Coverage Programs Transition to the HFP and Medi-Cal provided to First Five California

Mr. Lucero reviewed the report, prepared at the behest of (and funded by) the State First 5 Commission. At the time it was commissioned, it was widely expected that California would begin covering all children through state programs (Medi-Cal or HFP, depending on family income. Specifically, it was presumed

that policymakers would increase eligibility for HFP to 300 percent of the federal poverty level and would allow all children, regardless of the immigration status, to enroll in the state programs. As a number of local jurisdictions have programs that cover children not presently eligible for state programs, a plan was needed to transition children into the state coverage from these local Children's Health Initiatives, or CHI's, as well as California Kids and the Kaiser Permanente Child Health Plan.

The State First 5 Commission contracted with MRMIB and the Department of Health Care Services (DHCS) to develop the plan which is set forth in the report before the Board. Mr. Lucero described the particular tasks involved in development of the plan and highlighted the findings of the report. The report concludes with a checklist for implementation. Mr. Lucero thanked the First 5 Commission for continued support and acknowledged the staff that worked on this particular report. These included Sara Soto-Taylor, Judith Torres, Delena Fong and Elva Sutton of MRMIB, and Tom Reavey from DHCS. The team was also joined by Irma Michel and Chris Schyner, consultants from the Institute for Health Policy Solutions.

Chairman Allenby asked for any questions or comments from the Board. There were none. He asked any comments from the audience.

Alison Lobb, with the California Children's Health initiatives (CCHI's), expressed gratitude and appreciation for the proactive and constructive approach represented by the report. She offered CCHI's continued partnership in the future. Additionally, she asked that, when the time comes for the transition to occur MRMIB and DHCS involve the CHI's early in the process.

Chairman Allenby asked if there were any additional comments. There were none.

This document can be found at:

http://www.mrmib.ca.gov/MRMIB/Agenda_Minutes_091609/Agenda_Item_8.g_Financial_First_Five_Report.pdf

2008 Traditional and Safety Net Provider as Primary Care Provider Report

Mr. Titano indicated that MRMIB provides subscribers in Healthy Families with a wide range of health plan choices. The range of choices available to each subscriber includes health plans that contract with traditional safety net (T&SN) providers. MRMIB requires plans to submit an annual report on the number of subscribers with T&SN providers, as their primary care providers. T&SN providers are providers participating in Child Health and Disability Prevention Program, various clinics and certain hospitals, such as disproportionate share hospitals, university teaching hospitals, children's hospitals or county owned and operated hospitals.

He presented the highlights of the 2008 Traditional And Safety Net Provider Report. The percentage of subscribers who's Primary Care Physicians (PCPs) are T&SN providers has remained relatively consistent since MRMIB began requiring this data in 2001. The rate then was 61 percent, and in 2008 it was 64 percent. Of the subscribers whose PCPs are T&SN providers, seven of every ten selected the provider themselves, as opposed to three in ten who were assigned by their plan. In general, subscribers enrolled in local plans use T&SN providers as their PCP at higher rates than subscribers enrolled in statewide plans. Nonwhite subscribers and subscribers whose language or spoken language is other than English use T&SN providers as their PCP providers at higher rates than subscribers who are white or English speakers.

Chairman Allenby asked for any questions or comments from the Board. There were none. He asked for any comments from the audience. There were none.

This document can be found at:

http://www.mrmib.ca.gov/MRMIB/Agenda_Minutes_091609/Agenda_Item_8.h_T_SN_as_PC_Report_2008.pdf

Advisory Committee on Quality Update

Ms. Rouillard indicated that the Advisory Committee on Quality was established a year ago and has met five times during the year. The last time she had reported on its activities was in May and it has met twice since. There has been really good, consistent participation amongst the members.

Ms. Rouillard proceed to highlight a few of the issues discussed in the last couple of meetings. The first concerns improving quality of health care provided to adolescents. In past Board meetings, the Board discussed the generally low scores plans have regarding adolescent health both in the adolescent well-care measures and in the adolescent consumer satisfaction survey. MRMIB staff and one of the co-chairs on the Advisory Committee on Quality, Dr. Paul Kurtin, who is the Chief of Quality and Safety Officer at Rady Children's Hospital in San Diego, contacted the four highest performing plans to find out what have they had done that was successful. Staff identified best practices and posted them to the MRMIB website under the Healthy Families Program. Then staff held a conference call with the four lowest ranked plans to share the best practices. The plans were very interested and encouraged to undertake some of these activities. San Francisco Health Plan, one of the higher performing plans, shared a tool kit it developed for provider training for adolescent well-care visits. Staff told the lower performing plans to develop some activities to improve performance and indicated that a follow-up call would occur in six months to review activities undertaken, outcomes and plans for future improvement.

Another issue the committee discussed was the degree to which lower performance on the consumer satisfaction survey might result from different rankings by ethnic group. Specifically, San Francisco Health Plan (SFHP) suggested that its low satisfaction survey results (which contrast with high performance on HEDIS measures) result from the fact that two-thirds of their subscribers are Chinese. This compares with less than five percent or even fewer in most of the other plans. SFHP asked that the Board case mix adjust the CAHPS results for ethnicity. The committee's discussion of the issue was quite lively. Dr. Kelly Pfeifer, the plan's medical director, reported that research shows that Chinese speakers tend to give lower scores than other ethnic groups. This view was supported by a representative from the Chinese Community Health Plan. It is hard to compare San Francisco's Chinese population with other plans within Healthy Families because the numbers are so low in the other plans. SFHP expressed some concern about possible bias in the translation of the survey into Chinese and asked if the translation could be certified in Chinese as it is for Spanish. Staff believes that this would be a project beyond its scope and better suited to Rand or AHRQ (Agency for Healthcare Research and Quality). Committee members discussed the positives and negatives of case-mixing for ethnicity with some expressing the worry that doing so could mask problems in the provision of culturally competent care. After consultation about case mix adjusting with DataStat, the vendor for the survey, and with Rand, MRMIB staff believe it might be worth doing; when MRMIB can conduct the CAHPS survey again, the program will conduct that analysis.

Chairman Allenby asked for any question or comments from the Board. Dr. Chang congratulated staff on a job well done. Chairman Allenby asked for comments from the audience.

Helen Roth Dowden, representing Teachers for Healthy Kid, asked to comment on the re-opening of the program. She noted the formidable task of working through the waitlist applications and asked the Board to consider re-instating funding for Certified Application Assistance (CAAs). She also suggested that the Board allow health plans to assist. She requested that the Board consider these issues at its next meeting. Chairman Allenby agreed to do so.

Krystal Moreno Lee with Children Now thanked the MRMIB Board and staff, the health plans, the First 5 Commission and all the other advocates for the important role each played in helping to find a solution so that HFP could re-open. She did note that federal healthcare reform legislation may contain some maintenance of effort clause which would then require California to roll back the changes just made increasing premiums and co-payments. She suggested it would make more fiscal sense to delay implementation of the program saving changes because the cost to implement and then undo the changes would be greater than the cost savings.

Chairman Allenby replied that the maintenance of effort (MOE) issue was not before the Board and that the Board had to rely on achieving the cost savings as part of the overall solution. The Board has to run the risk that the savings won't be nullified.

Ms. Lee indicated that she understood the dilemma. She asked if the Board would be willing to revisit the issue if federal reform is enacted in the next two months.

Chairman Allenby replied that there is always opportunity to consider change. The Board is fairly fleet of foot. He assured Ms. Lee that the Board will do whatever it can to keep the program going at maximum strength.

Mr. Figueroa commented that even if federal reform includes a maintenance of effort requirement, it is not clear when it would go into place. It would kick in when there is some mandatory expansion or subsidy and that would be several years down the road. There are many unknowns. And meanwhile, the Board is aware that HFP's financing is balanced on a budget with no flexibility. He asked Ms. Cummings what HFP's total budget is. She replied \$1.1 billion dollars. Mr. Figueroa noted that an end of year balance of \$27,000 on a budget of that size does not provide for a big margin for error.

ACCESS FOR INFANTS AND MOTHERS (AIM)

Enrollment Report

Ms. Dobrinen reported that in August there were 955 new subscribers enrolled in AIM. The program now has 7,101 subscribers currently enrolled.

Chairman Allenby asked for any questions or comments from the Board. There were none. He asked for comments from the audience. There were none.

This document can be found at:

http://www.mrmib.ca.gov/MRMIB/Agenda_Minutes_091609/Agenda_Item_9.a_AIM_Enrollment_Report.pdf

Administrative Vendor Performance Report

Ms. Dobrinen reported that the administrator vendor continues to meet all of the seven areas perform quality and accuracy standards.

Chairman Allenby asked for any questions or comments from the Board. There were none. He asked for comments from the audience.

Lucy Quacinella, speaking on behalf of Maternal and Child Health Access, asked where she would find information in the vendor performance report that addressed making eligibility determinations timely.

Ms. Lam replied that the information was at the bottom of the report.

Ms. Quacinella responded that the measure at the bottom of the page concerned accuracy of eligibility determinations rather than whether applications were processed timely. She suggested that this be included in the report.

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

This document can be found at:

http://www.mrmib.ca.gov/MRMIB/Agenda_Minutes_091609/Agenda_Item_9.b_AI_M_Adv_Vendor_Perf_August_2009_Summary.pdf

Fiscal Status

Ms. Krum indicated that there was no significant change to AIM's fiscal status since the last report.

Chairman Allenby commented that it looked like the program could remain open for the rest of the year.

Ms. Krum replied that the current estimate is that there is sufficient funding through March 1st. Staff will continue to monitor and advise the Board if this estimate changes.

Chairman Allenby noted that there were comments from the audience.

Ms. Quacinella asked if this was an appropriate time to address the proposed regulations modifying language concerning enrollment limitations related to insufficient funding. She suggested it was related to the fiscal report.

Ms. Cummings replied that the regulations would be on the agenda for the October Board meeting.

Ms. Quacinella asked if she could advance her concerns at this meeting.

Ms. Cummings replied that the issue was not agendaized and that it was the call of the Chairman. Chairman Allenby said she could proceed with her comments.

Ms. Quacinella expressed relief that AIM's fiscal situation had not worsened. She suggested that consideration of the regulations at the October meeting would be premature given that there appears to be funding through at least

March. Closing the AIM program to enrollment is the classic example of being penny wise but pound foolish. The state incurs significant costs for every pregnant woman who does not get prenatal care, not to mention the impact on the lives of these families. She expressed regret that the Board's representative from the CHHS Agency was not present to hear her remarks, noting that it is an agency function to manage the various program budgets. If the program does close to enrollment, then every application a woman submits need to be sent down to the county for Medi-Cal eligibility review right away for pregnancy-related care, for both the share-of-cost and no-share-of-cost programs. Additionally, the regulations provide for program closure and make no provision for a waiting list. She believes that the program should continue to log in applicants so that, when the program re-opens, those women can be moved quickly after their Medi-Cal eligibility reviews if they're not found eligible.

Steve Barrow, representing the California Premature Infant Health Coalition underscored Ms. Quacinella's point that failing to provide coverage to pregnant women is not cost-effective. Lack of coverage will negatively affect rates of premature births. Women that qualify for AIM typically have a situation where they have stress. They might be obese or diabetic. They might have poor nutrition. Those are the things screened for with early prenatal care. Women need to receive care early to prevent premature births. Right now, close to 11 percent of all births in California are premature. If you just take 10 percent of the women not enrolled in AIM due to program closure, say a thousand women the cost due to premature births would be more than half a million to a million dollars per hundred women. He urged the Board to work with the state to find funding to keep AIM open for enrollment.

Chairman Allenby asked for any other comments. There were none.

MAJOR RISK MEDICAL INSURANCE PROGRAM (MRMIP) UPDATE

Enrollment Report

Ms. Dillard reported that enrollment level after September 1st, 2009 is 6,732, below the enrollment cap of 7,100.

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

This document can be found at:

http://www.mrmib.ca.gov/MRMIB/Agenda_Minutes_091609/Agenda_Item_10.a_MRMIP_Enrollment_Report.pdf

Update on Enrollment Cap and Waiting List

Ms. Dillard noted that the enrollment report shows that as of September 1, 2009, the waiting list total was 270. However, the waiting list as of this week is at 54. That is because of deferred enrollments only. The program had over 400 enrollment slots offered with an effective date of November 1, 2009. The cutoff date to accept these offers is October 11th. Staff anticipate a 61 percent average take-up rate.

This document can be found at:

http://www.mrmib.ca.gov/MRMIB/Agenda_Minutes_091609/Agenda_Item_10.b_MRMIP_Enrollment_Cap_Waiting_List.pdf

Administrative Vendor Performance Report

Ms. Dillard reported that the performance standards for the application and call center requirements continue to be met. And as noted in the performance report, the vendor received 4,593 calls.

Chairman Allenby asked for any questions or comments from the Board. There were none. He asked for any comments from the audience. There were none.

This document can be found at:

http://www.mrmib.ca.gov/MRMIB/Agenda_Minutes_091609/Agenda_Item_10.c_MRMIP_Adm_Vendor_Perf_for_August_2009.pdf

Subscriber Premiums Benefit Year 2010

Ms. Lopez discussed the 2010 MRMIP subscriber premiums proposed for the benefit year starting in January 1. Citing information from an analysis of the rates by PricewaterhouseCoopers (PwC), she pointed out that the overall average rate increase for 2010 shows about a 10½ percent increase over the current year premiums. This compares to 7.6 percent for the prior year. She then reviewed the percentage increase by plan and other premium details of the PwC analysis. She noted that a technical correction needed to be made in several cells for the Blue Shield product. That chart posted to the web will be the corrected version.

Ms. Lopez then raised concerns about the subscriber premiums submitted by Blue Shield. Generally, Blue Shield's premiums are between one and a half to three times higher than those of the other plans.

Blue Shield bases its MRMIP premium levels on their IFP Access+ HMO product. PwC's analysis is that the premiums for the product do not reflect those of a population of average risk, as MRMIB requires, but rather are premiums charged to a population of higher risk. This has been an ongoing issue with Blue Shield and this year staff are bringing the issue to the Board with concern. Blue Shield's enrollment continues to decline due to these very high premiums. Last year at

this time Blue Shield had about 129 members. Right now they have 83 members.

Ms. Lopez then turned to a document prepared by MRMIB staff which details the premiums by plan, by region, by family size by age and asked the Board to turn to the pages for Region 3. Region 3 contains rates for another health plan that has very low enrollment, Contra Costa Health Plan. She pointed to the premiums for subscribers between of 50 to 54 and 60 to 64 because that is where most of the MRMIP enrollment is. Blue Shield HMO rates range between \$1,228 all the way up to \$1,777. In comparison, Contra Costa Health Plan has premiums between \$625 up to \$789.

Staff do not believe Blue Shield's continued participation in the program is in the best interest of MRMIP subscribers and has informed Blue Shield of this conclusion. Blue Shield offered to freeze its rates at 2009 levels – but this is not an option under the law and staff have informed Blue Shield. Staff attempted to get Blue Shield to submit data for an alternate product and has not succeeded. Thus, staff recommends terminating the contract.

Chairman Allenby commented that staff's recommendation was appropriately before the Board. Ms. Lopez noted that a representative from Blue Shield was present and wished to talk to the Board.

Mr. Figueroa asked what specifically staff recommends.

Chairman Allenby replied that the recommendation is to terminate Blue Shield's participation in MRMIP if it doesn't adjust its premiums.

Verne Brizendine with Blue Shield said he had been informed today at the meeting that Blue Shield's proposal was not in the appropriate format and asked for time to resubmit it.

Chairman Allenby asked how much time Mr. Brizendine was talking about. Ms. Lopez noted that premiums were due to the administrative vendor this week in order to be prepared for open enrollment. Friday would be that last possible day.

Mr. Brizendine replied that he would resubmit the premiums on Thursday. Chairman Allenby commented that this would be fair.

Ms. Cummings cautioned the Board that staff of the Legislature have told her that they do not find the (much higher) Blue Shield rates credible. She noted that the Board had faced the exact same issue with Blue Shield over rates for its PPO product when that was offered in MRMIP. Blue Shield withdrew its PPO from MRMIP rather than submit premiums for a product of average risk mix.

The process requires that plans submit premium amounts for an average risk mix population. Then, MRMIP staff increase the rates by 25-37½ percent to reflect the higher costs for a higher risk population. The Board should be clear that providing Blue Shield additional time to resolve the issue jams staff and the administrative vendor for ensuring a timely open enrollment. Further, the resubmission would have to be for a product that is actively marketed with an average risk mix.

Mr. Brizendine replied that he couldn't change the product by a Thursday deadline. He offered to offer different premiums for the previously submitted product.

Ms. Cummings reminded the Board and the audience of the process. A plan gives MRMIB the product most like the MRMIP product. This is challenging because products on the market today are different from the MRMIP product first designed 15 years ago. This then requires actuarial work to control for the benefit differences. But the process begins with a product most like MRMIP with average risk and a lot of enrollment. Then MRMIP itself increases the premiums by 125 percent to account for the risk mix of MRMIP's subscribers. Thus, it doesn't work for Blue Shield to bring back premiums that continue to be based on a product that is already high risk and not actively marketed.

Mr. Brizendine replied that he had already tried to adjust the premiums to reflect a different mix, but it was not properly done. He has data that he can use to make the risk adjustment, and that is why he can make a Thursday deadline. He said that the product itself is that which most reflects the MRMIP product.

Ms. Cummings re-emphasized that the beginning step is for a product with an average risk mix whose prices reflect those for population of average risk. What is that? A population in an actively marketed product with subscribers that passed underwriting and have been covered for a couple years.

Mr. Brizendine replied that when Blue Shield look at the risk mix for the PPO product, the premiums were even higher.

Ms. Cummings stated that she wanted to be clear with the Board and Blue Shield that she did not think resolution of this issue would be easy.

Chairman Allenby replied that the Board understood that and everyone would have to see what happened Thursday.

This document can be found at:

http://www.mrmib.ca.gov/MRMIB/Agenda_Minutes_091609/Agenda_Item_10.d_2010_MRMIP_Premiums.pdf

Chairman Allenby asked if there was anything else to bring before the Board. When no one brought any issue forward, he adjourned the meeting.

Public session concluded at 1:10 p.m.