

Assembly Bill No. 1524

CHAPTER 866

An act to amend Sections 12699.51, 12699.53, 12699.54, and 12699.62 of the Insurance Code, relating to health care coverage.

[Approved by Governor October 12, 2003. Filed
with Secretary of State October 12, 2003.]

LEGISLATIVE COUNSEL'S DIGEST

AB 1524, Richman. County Health Initiative Matching Fund.

Existing law authorizes the County Health Initiative Matching Fund, which is administered by the Managed Risk Medical Insurance Board in collaboration with the State Department of Health Services, to provide matching state funds and local funds received by the fund through intergovernmental transfers to a county agency, a local initiative, or a county organized health system for health insurance coverage to certain children in low-income households who do not qualify for health care benefits through the Healthy Families Program or Medi-Cal. Existing law authorizes the implementation of this fund if, among other things, federal funds are appropriated for this purpose and federal participation is approved.

This bill would expand the scope of the fund's health insurance coverage to include adults who are parents of or responsible for children eligible for the Healthy Families or Medi-Cal programs and who meet specified criteria. The bill would only authorize funding for adults in a fiscal year if the funds are not needed for the children's expansion program. The bill would make conforming changes.

The people of the State of California do enact as follows:

SECTION 1. The Legislature finds and declares all of the following:

(a) With an estimated 6.3 million persons uninsured, California has the highest population of uninsured in the nation. California has taken steps to alleviate this growing problem. In 2001, the Legislature enacted Assembly Bill 495 (Ch. 648, Stats. 2001) which allows any county agency, local initiative, or county organized health system to provide the state's share of the required match of federal funds from the State Children's Health Insurance Program (SCHIP) to provide coverage for children whose family income is from 251 percent and up to 300 percent of the federal poverty level. This legislation created the opportunity for



counties and county health initiatives to use their resources to provide health coverage for children that the state could not.

(b) In 2002, the State of California received approval from the federal government to expand the Healthy Families Program to include parents of eligible children whose family income does not exceed 200 percent of the federal poverty level. Unfortunately, California's current fiscal constraints have prevented it from proceeding with the waiver, leaving the state in a position of being unable to draw down on available federal dollars that will ultimately be reallocated to other states. It is the intent of the Legislature that no state funds shall be spent for the purposes of this program.

(c) In order to utilize California's SCHIP allocation and prevent the loss of federal dollars, it is both appropriate and necessary to expand the option of counties and county health initiatives to use their resources to meet the federal match to cover eligible parents of children enrolled in the Healthy Families Program. Furthermore, it is critical to provide coverage to the parents, in addition to the children, to reduce the financial and health risks families may suffer if some family members are uninsured. The design of the parental program will allow those enrolled in the county programs to be part of the statewide program ultimately implemented by the Managed Risk Medical Insurance Board pursuant to the approved state parental expansion waiver. The funding of eligible parents in each fiscal year will only be provided to the extent that funds are not needed for the children's expansion program portion of the County Health Initiative Matching Fund.

SEC. 2. Section 12699.51 of the Insurance Code is amended to read: 12699.51. For the purposes of this part, the following definitions shall apply:

(a) "Administrative costs" means those expenses that are described in Section 1397ee(a)(1)(D) of Title 42 of the United States Code.

(b) "Adult" means an uninsured parent of, or, as defined by the board, a person 19 years of age or older responsible for, a child enrolled to receive coverage under Part 6.2 (commencing with Section 12693) or who is enrolled to receive the full scope of Medi-Cal services with no share of cost.

(c) "Applicant" means a county, county agency, a local initiative, or a county organized health system.

(d) "Board" means the Managed Risk Medical Insurance Board.

(e) "Child" means a person under 19 years of age.

(f) "Comprehensive health insurance coverage" means the coverage described in Section 12693.60.

(g) "County organized health system" means a health system implemented pursuant to Article 2.8 (commencing with Section



14087.5) of Chapter 7 of Part 3 of Division 9 of the Welfare and Institutions Code and Article 1 (commencing with Section 101675) of Chapter 3 of Part 4 of Division 101 of the Health and Safety Code.

(h) “Fund” means the County Health Initiative Matching Fund.

(i) “Local initiative” has the same meaning as set forth in Section 12693.08.

SEC. 3. Section 12699.53 of the Insurance Code is amended to read:

12699.53. (a) An applicant that will provide an intergovernmental transfer may submit a proposal to the board for funding for the purpose of providing comprehensive health insurance coverage to any child or adult who meets citizenship and immigration status requirements that are applicable to persons participating in the program established by Title XXI of the Social Security Act, and in case of a child, whose family income is at or below 300 percent of the federal poverty level, or in case of an adult, whose family income does not exceed 200 percent of the federal poverty level, in specific geographic areas, as published quarterly in the Federal Register by the Department of Health and Human Services, and which child or adult does not qualify for either the Healthy Families Program (Part 6.2 (commencing with Section 12693) or Medi-Cal with no share of cost pursuant to the Medi-Cal Act (Chapter 7 (commencing with Section 14000) of Part 3 of Division 9 of the Welfare and Institutions Code).

(b) The proposal shall guarantee at least one year of intergovernmental transfer funding by the applicant at a level that ensures compliance with the requirements of an approved federal waiver and shall, on an annual basis, either commit to fully funding the necessary intergovernmental amount to meet the conditions of the waiver or withdraw from the program. The board may identify specific geographical areas that, in comparison to the national level, have a higher cost of living or housing or a greater need for additional health services, using data obtained from the most recent federal census, the federal Consumer Expenditure Survey, or from other sources. The proposal may include an administrative mechanism for outreach and eligibility.

(c) The applicant may include in its proposal reimbursement of medical, dental, vision, or mental health services delivered to children who are eligible under the State Children’s Health Insurance Program (Subchapter 21 (commencing with Section 1397aa) of Chapter 7 of Title 42 of the United States Code), if these services are part of an overall program with the measurable goal of enrolling served children in the Healthy Families Program.

(d) If a child is determined to be eligible for benefits for the treatment of an eligible medical condition under the California Children’s Services



Program pursuant to Article 5 (commencing with Section 123800) of Chapter 3 of Part 2 of Division 106 of the Health and Safety Code, the health, dental, or vision plan providing services to the child pursuant to this part shall not be responsible for the provision of, or payment for, those authorized services for that child. The proposal from an applicant shall contain provisions to ensure that a child whom the health, dental, or vision plan reasonably believes would be eligible for services under the California Children's Services Program is referred to that program. The California Children's Services Program shall provide case management and authorization of services if the child is found to be eligible for the California Children's Services Program. Diagnosis and treatment services that are authorized by the California Children's Services Program shall be performed by paneled providers for that program and approved special care centers of that program and approved by the California Children's Services Program. All other services provided under the proposal from the applicant shall be made available pursuant to this part to a child who is eligible for services under the California Children's Services Program.

(e) An applicant may submit a proposal for reimbursement of medical, dental, or vision services delivered to adults as specified in subdivision (a).

(f) (1) If a proposal from an applicant for coverage of an adult includes state funds or funds derived from county sources, the applicant shall, to the extent feasible, include participation by health care service plans licensed by the Department of Managed Health Care or health insurers regulated by the Department of Insurance that contract with the board to provide services to Healthy Families Program subscribers in the geographic area.

(2) This subdivision shall not apply if the population to be served by the applicant's proposal is less than 1,000 persons.

SEC. 4. Section 12699.54 of the Insurance Code is amended to read:

12699.54. (a) The board, in consultation with the State Department of Health Services, the Healthy Families Advisory Committee, and other appropriate parties, shall establish the criteria for evaluating an applicant's proposal, which shall include, but not be limited to, the following:

(1) The extent to which the program described in the proposal provides comprehensive coverage including health, dental, and vision benefits.

(2) Whether the proposal includes a promotional component to notify the public of its provision of health insurance to eligible children.



(3) The simplicity of the proposal's procedures for applying to participate and for determining eligibility for participation in its program.

(4) The extent to which the proposal provides for coordination and conformity with benefits provided through Medi-Cal and the Healthy Families Program.

(5) The extent to which the proposal provides for coordination and conformity with existing Healthy Families Program administrative entities in order to prevent administrative duplication and fragmentation.

(6) The ability of the health care providers designated in the proposal to serve the eligible population and the extent to which the proposal includes traditional and safety net providers, as defined in regulations adopted pursuant to the Healthy Families Program.

(7) For children's coverage, the extent to which the proposal intends to work with the school districts and county offices of education.

(8) The total amount of funds available to the applicant to implement the program described in its proposal, and the percentage of this amount proposed for administrative costs as well as the cost to the state to administer the proposal.

(9) The extent to which the proposal seeks to minimize the substitution of private employer health insurance coverage for health benefits provided through a governmental source.

(10) The extent to which local resources may be available after the depletion of federal funds to continue any current program expansions for persons covered under local health care financing programs or for expanded benefits.

(11) For coverage proposals for adults, the extent to which the proposal seeks to pursue assistance from employers in the payment of premiums and whether the proposal requires, as a condition of parental enrollment, the enrollment of children in the applicant's plan or a competing plan.

(12) For coverage proposals for adults, the extent to which the proposal offers subscribers a choice of health care service plans or health insurers similar to the choices available to children eligible for the Healthy Families Program in that county.

(13) For the purposes of defining eligibility for adults, the following shall apply:

(A) The same income methodology shall be used for the proposed program that is currently used for the Medi-Cal and the Healthy Families programs.



(B) Only participating licensed Healthy Families dental, health, and vision plans may be used. However, the board may permit exceptions to this requirement consistent with the purpose, of this part.

(b) The board may, in its discretion, approve or disapprove projects for funding pursuant to this part on an annual basis.

(c) To the extent that an applicant's proposal pursuant to this part provides for health plan or administrative services under a contract entered into by the board or at rates negotiated for the applicant by the board, a contract entered into by the board or by an applicant shall be exempt from any provision of law relating to competitive bidding, and shall be exempt from the review or approval of any division of the Department of General Services to the same extent as contracts entered into pursuant to Part 6.2 (commencing with Section 12693). The board and the applicant shall not be required to specify the amounts encumbered for each contract, but may allocate funds to each contract based on the projected or actual subscriber enrollments to a total amount not to exceed the amount appropriated for the project including family contributions.

SEC. 5. Section 12699.62 of the Insurance Code is amended to read:

12699.62. (a) The provisions of this part shall be implemented only if all of the following conditions are met:

(1) Federal financial participation is available for this purpose.

(2) Federal participation is approved.

(3) The Managed Risk Medical Insurance Board determines that federal State Children's Health Insurance Program (Subchapter 21 (commencing with Section 1397aa) of Chapter 7 of Title 42 of the United States Code) funds remain available after providing funds for all current enrollees and eligible children and parents that are likely to enroll in the Healthy Families Program and, to the extent funded through the federal State Children's Health Insurance Program, the Access for Infants and Mothers Program and Medi-Cal program, as determined by a Department of Finance estimate. In each fiscal year, funds for adults shall only be provided to the extent that the funds are not needed for the children's expansion portion of the County Health Initiative Matching Fund.

(4) Funds are appropriated specifically for this purpose.

(b) The State Department of Health Services and the Managed Risk Medical Insurance Board may accept funding necessary for the preparation of the federal waiver applications or state plan amendments described in Section 12699.61 from a not-for-profit group or foundation.

