

Assembly Bill No. 495

CHAPTER 648

An act to add Part 6.4 (commencing with Section 12699.50) to Division 2 of the Insurance Code, relating to health care coverage, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor October 9, 2001. Filed with Secretary of State October 10, 2001.]

LEGISLATIVE COUNSEL'S DIGEST

AB 495, Diaz. Health care coverage.

Existing law provides for health care coverage for children in low-income households through the Healthy Families Program and for the provision of health benefits to qualifying individuals through Medi-Cal. Existing law also provides for services for handicapped persons under 21 years of age pursuant to the California Children's Services Program. Under existing law, a county may organize a prepaid health plan, which is designated as a local initiative, to provide health care to eligible Medi-Cal beneficiaries.

This bill would create the Children's Health Initiative Matching Fund in the State Treasury, which would be administered by the Managed Risk Medical Insurance Board, in collaboration with the State Department of Health Services, for the purpose of providing 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 to provide 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. The bill would also provide for the referral of eligible children to the California Children's Services Program, as specified.

This bill would declare that it is to take effect immediately as an urgency statute.

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

SECTION 1. Part 6.4 (commencing with Section 12699.50) is added to Division 2 of the Insurance Code, to read:



PART 6.4. CHILDREN'S HEALTH INITIATIVE MATCHING
FUND

12699.50. This part shall be known and may be cited as the Children's Health Initiative Matching Fund.

12699.51. For the purposes of this part, the following definitions shall apply:

(a) "Administrative costs" means those expenses that are not incurred for the direct provision of health benefits.

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

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

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

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

(f) "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.

(g) "Fund" means the Children's Health Initiative Matching Fund.

(h) "Local initiative" has the same meaning as set forth in Section 12693.08.

12699.52. (a) The Children's Health Initiative Matching Fund is hereby established within the State Treasury. The fund shall accept intergovernmental transfers as the nonfederal matching fund requirement for federal financial participation through the State Children's Health Insurance Program (Subchapter 21 (commencing with Section 1397aa) of Chapter 7 of Title 42 of the United States Code).

(b) The board shall administer this fund and the provisions of this part in collaboration with the State Department of Health Services for the express purpose of allowing local funds to be used to facilitate increasing the state's ability to utilize federal funds available to California. These federal funds shall be used prior to the expiration of their authority for one-time programs designed to improve and expand access for uninsured persons.

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 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, except as specified in Section 12693.76, whose family income is at or below 300 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 who does not qualify for either the Healthy Families Program (Part 6.2 (commencing with Section 12693) or the Medi-Cal Act (Chapter 7 (commencing with Section 14000) of Part 3 of Division 9 of the Welfare and Institutions Code). 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.

(b) 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.

(c) 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 applicant 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 applicant 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.



12699.54. (a) The board and the State Department of Health Services, in consultation with participating entities, including 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) 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.

(b) The board, in collaboration with the State Department of Health Services, shall adopt regulations, setting forth the criteria it uses to evaluate an applicant's proposal.

12699.55. The board, in collaboration with the State Department of Health Services, shall review each funding proposal submitted by an



applicant in accordance with the criteria described in Section 12699.54 and based on that criteria, approve or reject the proposal.

12699.56. (a) Upon its approval of a proposal, the board, in collaboration with the State Department of Health Services, may provide the applicant reimbursement in an amount equal to the amount that the applicant will contribute to implement the program described in its proposal, plus the appropriate and allowable amount of federal funds 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). Reimbursement provided from the Children’s Health Initiative Matching Fund shall consist of intergovernmental transfers from applicants, as defined in subdivision (b) of Section 12699.51, and the appropriate and allowable federal State Children’s Health Insurance Program funds. Not more than 10 percent of the Children’s Health Initiative Matching Fund shall be expended for administrative costs, including the costs to the state to administer the proposal. The board, in collaboration with the State Department of Health Services, may audit the expenses incurred by the applicant in implementing its program to ensure that the expenditures comply with the provisions of this part. No reimbursement may be made to an applicant that fails to meet its financial participation obligation under this part. Reasonable start up costs and ongoing administrative costs for the program shall be reimbursed by those entities applying for funding.

(b) Each applicant that is provided funds under this part shall submit to the board a plan to limit initial and continuing enrollment in its program in the event the amount of moneys for its program is insufficient to maintain health insurance coverage for those participating in the program.

12699.57. Each health care service plan and specialized health care service plan that contracts to provide health care benefits under this part shall be licensed by the Department of Managed Health Care or be a county organized health system.

12699.58. The board, in collaboration with the State Department of Health Services, shall administer the provisions of this part and may do all of the following:

(a) Administer the expenditure of moneys from the fund.

(b) Adopt regulations, including the adoption of emergency regulations, in accordance with the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code).

12699.59. All expenses incurred by the board and the State Department of Health Services in administering the provisions of this part shall be paid from the fund.



12699.60. Nothing in this part creates a right or an entitlement to the provision of health insurance coverage or health care benefits. No costs shall accrue to the state for the provision of these services.

12699.61. The Governor, in collaboration with the Managed Risk Medical Insurance Board and the State Department of Health Services, shall apply for a waiver pursuant to the federal State Children's Health Insurance Program (Subchapter 21 (commencing with Section 1397aa) of Chapter 7 of Title 42 of the United States Code) in coordination with the Managed Risk Medical Insurance Board and the State Department of Health Services to allow a county agency, local initiative, or county organized health system to apply for matching funds through the federal State Children's Health Insurance Program (Subchapter 21 (commencing with Section 1397aa) of Chapter 7 of Title 42 of the United States Code) using local funds for the state matching funds.

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

- (1) Federal funds are appropriated for this purpose.
- (2) Federal participation is approved.

(3) The Managed Risk Medical Insurance Board determines that federal State Children's Health Insurance Program funds will remain available in the relevant fiscal year after providing funds for the following groups:

(A) All current enrollees and eligible children and parents that are likely to enroll in the Healthy Families Program in that fiscal year, as determined by a Department of Finance estimate.

(B) Rollover funds are determined to be available from the State Children's Health Insurance Program. For this purpose, "rollover funds" are those funds that are available on a one-time only basis through the federal State Children's Health Insurance Program (Subchapter 21 (commencing with Section 1397aa) of Chapter 7 of Title 42 of the United States Code) and are not committed for use by those groups described in subparagraph (A).

(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 application described in Section 12699.61 from a not-for-profit group or foundation.

(c) The submission and approval of federal waivers for State Children's Health Insurance Program funds that use state General Fund moneys for the addition of children or parents shall take precedence over the submittal of the waiver required by Section 12699.61.

12699.63. The state shall be held harmless for any federal disallowance resulting from this part. An applicant receiving supplemental reimbursement pursuant to this part shall be liable for any



reduced federal financial participation resulting from the implementation of this part with respect to that applicant. The state may recoup any federal disallowance from the applicant.

SEC. 2. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to expand the availability of insurance coverage for children in low-income households and to make available funding for that purpose as soon as possible, it is necessary that this act take effect immediately.

