

AMENDED IN SENATE JULY 2, 2001  
AMENDED IN SENATE JUNE 21, 2001  
AMENDED IN ASSEMBLY JUNE 4, 2001  
AMENDED IN ASSEMBLY MAY 1, 2001  
AMENDED IN ASSEMBLY APRIL 17, 2001

CALIFORNIA LEGISLATURE—2001–02 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1147**

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**Introduced by Assembly Members Thomson and Migden  
(Principal coauthors: Assembly Members Aanestad and  
Richman)**

**(Coauthors: Assembly Members Aroner, Frommer, Goldberg,  
Koretz, Negrete McLeod, Salinas, Steinberg, Wayne, and  
Wesson)**

February 23, 2001

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*An act to amend Sections ~~12696.05 and 12739~~ of ~~An act to amend Section 12739 of, and to repeal Part 6.3 (commencing with Section 12695) of Division 2 of,~~ the Insurance Code, to amend Section 2807 of the Labor Code, and to amend Section ~~14148.5~~ 14148 of the Welfare and Institutions Code, relating to health care coverage, and making an appropriation therefor.*

LEGISLATIVE COUNSEL'S DIGEST

AB 1147, as amended, Thomson. Health care coverage.

(1) Existing law creates the California Major Risk Medical Insurance Program, which arranges for access to health care coverage

for persons who are unable to secure adequate private health care coverage. Under existing law, a specified amount of moneys from various accounts in the Cigarette and Tobacco Products Surtax Fund are deposited annually into the Major Risk Medical Insurance Fund, which is continuously appropriated, to cover program expenses. This bill would increase the amount of moneys from specified accounts in the Cigarette and Tobacco Products Surtax Fund that are deposited into the Major Risk Medical Insurance Fund and by increasing the amount of moneys in a continuously appropriated fund, would make an appropriation.

(2) Existing law creates the Access for Infants and Mothers Program, which is administered by the Managed Risk Medical Insurance Board. ~~Existing law provides that the board may determine eligibility of applicants for the program. Funding for the program is provided through the Perinatal Insurance Fund, a continuously appropriated fund.~~

~~This bill would provide that applicants for the program at or above 250% but less than or equal to 300% of the federal poverty level shall be deemed eligible for the program beginning January 1, 2002. Because the bill would increase the number of persons eligible for the program, it would thereby make an appropriation *repeal that program.*~~

(3) Existing law requires all employers to notify their former employees of the availability of continuation health care coverage.

This bill would revise this notification requirement to include various other related matters.

(4) Existing law ~~requires state-funded perinatal services and other related services to eligible persons with a family income above 185% but below 200% of the federal poverty level in the same manner that those services are provided to persons eligible for Medi-Cal provides for the extension of medical assistance under the Medicaid program to low-income pregnant women and infants.~~

~~This bill would increase the upper income limit to 250% of the federal poverty level *revise the income eligibility requirements for these benefits.*~~

Vote: majority. Appropriation: yes. Fiscal committee: yes. State-mandated local program: no.



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

1     ~~SECTION 1. Section 12696.05 of the Insurance Code is~~  
2 ~~amended to read:~~

3     ~~12696.05. The board may do all of the following:~~

4     ~~(a) Determine eligibility criteria for the program. These criteria~~  
5 ~~shall include the requirements set forth in Section 12698.~~

6     ~~(b) Determine the eligibility of applicants, except that on and~~  
7 ~~after January 1, 2002, applicants at or above 250 percent of the~~  
8 ~~federal poverty level but less than or equal to 300 percent of the~~  
9 ~~federal poverty level shall be deemed income-eligible.~~

10    ~~(c) Determine when subscribers are covered and the extent and~~  
11 ~~scope of coverage.~~

12    ~~(d) Determine subscriber contribution amounts schedules.~~  
13 ~~Subscriber contribution amounts shall be indexed to the federal~~  
14 ~~poverty level and shall not exceed 2 percent of a subscriber's~~  
15 ~~annual gross family income.~~

16    ~~(e) Provide coverage through participating health plans or~~  
17 ~~through coordination with other state programs, and contract for~~  
18 ~~the processing of applications and the enrollment of subscribers.~~  
19 ~~Any contract entered into pursuant to this part shall be exempt~~  
20 ~~from any provision of law relating to competitive bidding, and~~  
21 ~~shall be exempt from the review or approval of any division of the~~  
22 ~~Department of General Services. The board shall not be required~~  
23 ~~to specify the amounts encumbered for each contract, but may~~  
24 ~~allocate funds to each contract based on projected and actual~~  
25 ~~subscriber enrollments in a total amount not to exceed the amount~~  
26 ~~appropriated for the program.~~

27    ~~(f) Authorize expenditures from the fund to pay program~~  
28 ~~expenses which exceed subscriber contributions, and to administer~~  
29 ~~the program as necessary.~~

30    ~~(g) Develop a promotional component of the program to make~~  
31 ~~Californians aware of the program and the opportunity that it~~  
32 ~~presents.~~

33    ~~(h) Issue rules and regulations as necessary to administer the~~  
34 ~~program. All rules and regulations issued pursuant to this~~  
35 ~~subdivision that manage program integrity, revise the benefit~~  
36 ~~package, or reduce the eligibility criteria below 300 percent of the~~  
37 ~~federal poverty level may be adopted as emergency regulations in~~  
38 ~~accordance with the Administrative Procedure Act (Chapter 3.5~~



1 (~~commencing with Section 11340~~) of Part 1 of Division 3 of Title  
2 2 of the Government Code). The adoption of these regulations  
3 shall be deemed an emergency and necessary for the immediate  
4 preservation of the public peace, health, and safety, or general  
5 welfare. The regulations shall become effective immediately upon  
6 filing with the Secretary of State.

7 ~~(i) Exercise all powers reasonably necessary to carry out the~~  
8 ~~powers and responsibilities expressly granted or imposed by this~~  
9 ~~part.~~

10 *SECTION 1. Part 6.3 (commencing with Section 12695) of*  
11 *Division 2 of the Insurance Code is repealed.*

12 SEC. 2. Section 12739 of the Insurance Code is amended to  
13 read:

14 12739. There is hereby created in the State Treasury a special  
15 fund known as the Major Risk Medical Insurance Fund which is,  
16 notwithstanding Section 13340 of the Government Code,  
17 continuously appropriated to the board for the purposes specified  
18 in Section 12739.1. It is the intent of the Legislature that any  
19 reduction in the amount of state funds expended for perinatal  
20 services that results from expanding the eligibility criteria under  
21 Medi-Cal for pregnancy related services pursuant to Section  
22 ~~14148.5~~ 14148 of the Welfare and Institutions Code be paid into  
23 the fund and used to augment funding for the program to eliminate  
24 the program's waiting list.

25 (a) ~~After January 1, 2002~~ *Between January 1, 2002, and June*  
26 *30, 2002*, the following amounts shall be deposited ~~annually~~ in the  
27 Major Risk Medical Insurance Fund:

28 (1) Twenty-two million five hundred thousand dollars  
29 (\$22,500,000) from the Hospital Services Account in the Cigarette  
30 and Tobacco Products Surtax Fund.

31 (2) Fifteen million dollars (\$15,000,000) from the Physician  
32 Services Account in the Cigarette and Tobacco Products Surtax  
33 Fund.

34 (3) One million dollars (\$1,000,000) from the Unallocated  
35 Account in the Cigarette and Tobacco Products Surtax Fund.

36 (b) ~~After June 30, 2002~~ *Between June 30, 2002, and June 30,*  
37 *2003*, the following amounts shall be deposited annually in the  
38 Major Risk Medical Insurance Fund:



1 (1) Twenty-eight million dollars (\$28,000,000) from the  
2 Hospital Services Account in the Cigarette and Tobacco Products  
3 Surtax Fund.

4 (2) Twenty million dollars (\$20,000,000) from the Physician  
5 Services Account in the Cigarette and Tobacco Products Surtax  
6 Fund.

7 (3) One million dollars (\$1,000,000) from the Unallocated  
8 Account in the Cigarette and Tobacco Products Surtax Fund.

9 (c) ~~After June 30~~ For each fiscal year commencing with July  
10 1, 2003, the following amounts shall be deposited ~~annually~~ in the  
11 Major Risk Medical Insurance Fund:

12 (1) Twenty-seven million dollars (\$27,000,000) from the  
13 Hospital Services Account in the Cigarette and Tobacco Products  
14 Surtax Fund.

15 (2) Twenty million dollars (\$20,000,000) from the Physician  
16 Services Account in the Cigarette and Tobacco Products Surtax  
17 Fund.

18 (3) One million dollars (\$1,000,000) from the Unallocated  
19 Account in the Cigarette and Tobacco Products Surtax Fund.

20 SEC. 3. Section 2807 of the Labor Code is amended to read:

21 2807. (a) All employers, whether private or public, shall  
22 provide notification to former employees, along with the  
23 notification required by federal law pursuant to the Consolidated  
24 Omnibus Budget Reconciliation Act of 1985 (P.L. 99-272), or  
25 required by state law pursuant to Article 4.5 (commencing with  
26 Section 1366.20) of Chapter 2.2 of Division 2 of the Health and  
27 Safety Code, Section 1373.621 of the Health and Safety Code,  
28 Section 10116.5 of the Insurance Code, and Article 1.7  
29 (commencing with Section 10128.50) of Chapter 1 of Part 1 of the  
30 Insurance Code, of standardized written descriptions of all of the  
31 following:

32 (1) The Health Insurance Premium Program established by the  
33 State Department of Health Services pursuant to Section 120835  
34 of the Health and Safety Code and Section 14124.91 of the Welfare  
35 and Institutions Code.

36 (2) The procedures for obtaining an expedited determination of  
37 disability from the Social Security Administration, regardless of  
38 whether the former employee, spouse, or dependent is applying or  
39 otherwise could qualify for benefits under Title II or XVI of the  
40 Social Security Act (42 U.S.C. Sec. 401 et seq.), in order that the



1 former employee, spouse, or dependent with a disability may  
2 qualify for 29 instead of 18 months of continued health benefit  
3 coverage.

4 (3) Rights under the Health Insurance Portability and  
5 Accountability Act (P.L. 104-191) relating to limitations on  
6 preexisting condition exclusions under subsequent individual or  
7 groups plans, the right to purchase individual health coverage, and  
8 certificates of creditability. The employer shall utilize the  
9 standardized written descriptions prepared by the State  
10 Department of Health Services and the Department of Managed  
11 Health Care pursuant to subdivision (b).

12 (b) The State Department of Health Services, in conjunction  
13 with the Department of Managed Health Care, shall prepare and  
14 make available, on request, the standardized written descriptions  
15 of the programs described in subdivision (a), at cost. The  
16 standardized written descriptions shall be posted on the websites  
17 of both departments by February 1, 2002.

18 ~~SEC. 4.—Section 14148.5 of the Welfare and Institutions Code~~  
19 ~~is amended to read:~~

20 ~~14148.5.—(a) State funded perinatal services shall be provided~~  
21 ~~under the Medi-Cal program to pregnant women and state funded~~  
22 ~~medical services to infants up to one year of age in families with~~  
23 ~~incomes above 185 percent, but not more than 250 percent of the~~  
24 ~~federal poverty level, in the same manner that these services are~~  
25 ~~being provided to the Medi-Cal population, including eligibility~~  
26 ~~requirements and integration of eligibility determinations and~~  
27 ~~payment of claims, except as follows:~~

28 ~~(1) The assets of the family shall not be considered in making~~  
29 ~~the eligibility determination.~~

30 ~~(2) The income deduction specified in subdivision (f) of~~  
31 ~~Section 14148 shall not be applied.~~

32 ~~(b) Services provided under this section shall not be subject to~~  
33 ~~any share-of-cost requirements.~~

34 ~~(c) (1) The department, in implementing the Medi-Cal~~  
35 ~~program and public health programs, in coordination with the~~  
36 ~~Major Risk Medical Insurance Programs Access for Infants and~~  
37 ~~Mothers component shall provide for outreach activities in order~~  
38 ~~to enhance participation and access to perinatal services. Funding~~  
39 ~~received pursuant to the federal provisions shall be used to expand~~  
40 ~~perinatal outreach activities.~~



1 ~~(2) Those outreach activities required by paragraph (1) shall be~~  
2 ~~targeted toward both Medi-Cal and non-Medi-Cal eligible high~~  
3 ~~risk or uninsured pregnant women and infants. Outreach activities~~  
4 ~~may include, but not be limited to, all of the following:~~

5 ~~(A) Education of the targeted women on the availability and~~  
6 ~~importance of early prenatal care and referral to Medi-Cal and~~  
7 ~~other programs.~~

8 ~~(B) Information provided through toll-free telephone numbers.~~

9 ~~(C) Recruitment and retention of perinatal providers.~~

10 ~~(d) Notwithstanding any other provision of law, contracts~~  
11 ~~required to implement the provisions of this section shall be~~  
12 ~~exempt from the approval of the Director of General Services and~~  
13 ~~from the provisions of the Public Contract Code.~~

14 ~~(e) The programs authorized in this section shall be operative~~  
15 ~~for the entire 1996-97 fiscal year.~~

16 *SEC. 4. Section 14148 of the Welfare and Institutions Code is*  
17 *amended to read:*

18 14148. (a) The department shall adopt the federal option  
19 provided under Section 4101 of the Omnibus Budget  
20 Reconciliation Act of 1987 (Public Law 100-203) to extend  
21 eligibility for medical assistance under Medicaid to all pregnant  
22 women and infants with family incomes not in excess of 185  
23 percent of the federal poverty level. If a premium is imposed, the  
24 amount of the premium shall not exceed 10 percent of the amount  
25 by which the family's income, less actual child care costs, exceeds  
26 150 percent of the federal poverty level as required by Section  
27 4101 (a) of the 1987 Medicaid Budget Reconciliation Agreement.  
28 The department shall implement this section by emergency  
29 regulation.

30 The department shall advise the Chairperson of the Assembly  
31 *Committee on Ways and Means*—~~Committee~~, the Senate *Committee*  
32 *on Budget and Fiscal Review*—~~Committee~~, the Assembly  
33 *Committee on Health*—~~Committee~~, and the Senate Committee on  
34 Health and Human Services, on a quarterly basis, regarding the  
35 identification and redirection of existing department funds or  
36 General Fund moneys necessary to implement this section. The  
37 department shall notify these committees 30 days prior to  
38 redirecting those funds to implement this section.

39 (b) Upon order of the Department of Finance, the State  
40 Controller shall transfer funds from Item 4260-101-001 of the



1 Budget Act of 1988 to Item 4260-111-001 of the 1988 Budget Act  
2 of 1988 during the 1988-89 fiscal year for the purpose of funding  
3 outreach efforts for perinatal services.

4 (c) Notwithstanding subdivision (a), the state may limit  
5 implementation of this section during the 1988–89 fiscal year,  
6 based upon the availability of department funds. The department  
7 may use maternal and child health funds to finance the increased  
8 costs of implementing an expansion of Medi-Cal eligibility to  
9 women and children with incomes of up to 185 percent of federal  
10 poverty levels if both of the following conditions exist:

11 (1) The department has allocated for expenditure at least  
12 sixteen million dollars (\$16,000,000) in funds redirected from the  
13 Medi-Cal program for that expansion.

14 (2) If, and to the extent, the department determines that  
15 estimates of costs based on actual data indicate that the funds are  
16 needed to cover costs.

17 (d) This section shall be fully implemented no later than April  
18 1, 1990.

19 (e) To assist Medi-Cal eligible pregnant women in receiving  
20 prenatal care promptly, all pregnant women applying for Medi-Cal  
21 shall be determined to have an immediate need. Counties, within  
22 existing resources, shall expedite the eligibility determination  
23 process for all pregnant women on the basis of their immediate  
24 needs. Upon determination of eligibility, a Medi-Cal card shall be  
25 issued immediately.

26 (f) To the extent federal financial participation is available, the  
27 department shall apply the more liberal income deduction  
28 described in Section 1396a(r) of Title 42 of the United States Code  
29 when determining eligibility for pregnant women and infants  
30 under this section. The amount of this deduction shall be the  
31 difference between the 185 percent and the ~~200~~ 300 percent federal  
32 poverty level applicable to the size of the family.

33 (g) *Pregnancy-related services under this section shall include*  
34 *full scope Medi-Cal benefits.*

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