

AMENDED IN SENATE MARCH 28, 2001

SENATE BILL

No. 785

Introduced by Senator Ortiz

February 23, 2001

An act to amend Sections 12693.14, 12693.32, 12693.43, 12693.615, and 12693.70 of, and to add Section 12693.756 to, the Insurance Code, relating to the Healthy Families Program, ~~making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.~~ *Families Program.*

LEGISLATIVE COUNSEL'S DIGEST

SB 785, as amended, Ortiz. Healthy Families Program.

Existing law creates the Healthy Families Program, administered by the Managed Risk Medical Insurance Board, to arrange for the provision of health care services to children less than 19 years of age who meet certain criteria, including having a gross household income equal to or less than 200% of the federal poverty level. Existing law requires program applicants to pay a family contribution for coverage. Existing law also requires the board to expand eligibility under the program to parents of uninsured children eligible under the program to the extent that federal financial participation is obtained. Existing law continuously appropriates money from the Healthy Families Fund for purposes of the implementation of the Healthy Families Program.

This bill would require the Healthy Families Program to expand eligibility to include uninsured parents of children eligible to receive coverage under the Healthy Families Program and to uninsured parents of children receiving no-cost Medi-Cal. *This bill would impose a maximum copayment amount for these subscribers and would allow the board to pay reenrollment fees to designated individuals and*

organizations if a subscriber was reenrolled in the program based on their assistance in helping the subscriber complete the annual eligibility review packet. The program provisions of the bill would not be implemented unless federal financial participation is obtained and funds are specifically appropriated for this purpose. This bill would also require the board to implement regulations necessary to carry out this expanded program. ~~Because this bill expands the purposes for expenditures from the Healthy Families Fund which is continuously appropriated, the bill would make an appropriation. This bill would declare that it is to take effect immediately as an urgency statute. The bill would become operative July 1, 2001.~~

Vote: $\frac{2}{3}$ majority. Appropriation: ~~yes~~ no. Fiscal committee: yes. State-mandated local program: no.

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

1 SECTION 1. *Section 12693.14 of the Insurance Code is*
 2 *amended to read:*

3 12693.14. “Subscriber” means an applicant ~~18 years of age~~
 4 ~~or a child~~ who is eligible for and participates in the purchasing pool
 5 component of the program.

6 SEC. 2. *Section 12693.32 of the Insurance Code is amended*
 7 *to read:*

8 12693.32. (a) (1) The board may pay designated individuals
 9 or organizations an application assistance fee, if the individual or
 10 organization assists an applicant to complete the program
 11 application, and the applicant is enrolled in the program as a result
 12 of the application.

13 (2) *The board may also pay designated individuals or*
 14 *organizations a reenrollment fee, if the designated individual or*
 15 *organization assists a subscriber in completing the annual*
 16 *eligibility review packet and the subscriber is reenrolled as a result*
 17 *of the submission of the completed packet. This paragraph shall be*
 18 *implemented only to the extent that federal financial participation*
 19 *is obtained and funds are appropriated for this purpose. No*
 20 *appropriation shall be made for the purpose of this paragraph by*
 21 *Section 12693.96.*

22 (b) The board may establish the list of eligible individuals, or
 23 categories of individuals and organizations, the amount of the



1 application assistance payment and rules necessary to assure the
2 integrity of the payment process.

3 (c) The board, as part of its community outreach and education
4 campaign, may include community-based face-to-face initiatives
5 to educate potentially eligible applicants about the program and to
6 assist potential applicants in the application process. Those entities
7 undertaking outreach efforts shall not include as part of their
8 responsibilities the selection of a health plan and provider for the
9 applicant. Participating plans shall be prohibited from directly,
10 indirectly, or through their agents conducting in-person,
11 door-to-door, mail, or phone solicitation of applicants for
12 enrollment except through employers with employees eligible to
13 participate in the purchasing credit mechanism. However,
14 information approved by the board on the providers and plans
15 available to prospective subscribers in their geographic areas shall
16 be distributed through any door-to-door activities for potentially
17 eligible applicants and their children.

18 *SEC. 3.* Section 12693.43 of the Insurance Code is amended
19 to read:

20 12693.43. (a) Applicants applying to the purchasing pool
21 shall agree to pay family contributions, unless the applicant has a
22 family contribution sponsor. Family contribution amounts consist
23 of the following two components:

24 (1) The flat fees described in subdivision (b) or (d).

25 (2) Any amounts that are charged to the program by
26 participating health, dental, and vision plans selected by the
27 applicant that exceed the cost to the program of the highest cost
28 Family Value Package in a given geographic area.

29 (b) In each geographic area the board shall designate one or
30 more Family Value Packages for which the required total family
31 contribution is:

32 (1) For applicants with annual household incomes up to and
33 including 150 percent of the federal poverty level, no family
34 contribution is required.

35 (2) Nine dollars (\$9) per child and twenty dollars (\$20) per
36 adult with a maximum required contribution of fifty-eight dollars
37 (\$58) per month per family for applicants with annual household
38 incomes greater than 150 percent and up to and including 250
39 percent of the federal poverty level.



1 (c) Combinations of health, dental, and vision plans that are
2 more expensive to the program than the highest cost Family Value
3 Package may be offered to and selected by applicants. However,
4 the cost to the program of those combinations that exceeds the
5 price to the program of the highest cost Family Value Package shall
6 be paid by the applicant as part of the family contribution.

7 (d) The board shall provide a family contribution discount to
8 those applicants who select the health plan in a geographic area
9 which has been designated as the Community Provider Plan. The
10 discount shall reduce the portion of the family contribution
11 described in subdivision (b) to six dollars (\$6) per child and
12 seventeen dollars (\$17) per adult with a maximum required
13 contribution of forty-six dollars (\$46) per month per family for
14 applicants with annual household incomes greater than 150
15 percent and up to and including 250 percent of the federal poverty
16 level.

17 (e) Applicants, but not family contribution sponsors, who pay
18 three months of required family contributions in advance shall
19 receive the fourth consecutive month of coverage with no family
20 contribution required.

21 (f) It is the intent of the Legislature that the family contribution
22 amounts described in this section comply with the premium cost
23 sharing limits contained in Section 2103 of Title XXI of the Social
24 Security Act. If the amounts described in subdivision (a) are not
25 approved by the federal government, the board may adjust these
26 amounts to the extent required to achieve approval of the state
27 plan.

28 ~~SEC. 2.~~

29 *SEC. 4. Section 12693.615 of the Insurance Code is amended*
30 *to read:*

31 12693.615. (a) The board shall establish the required
32 subscriber copayment levels for specific benefits consistent with
33 the limitations of Section 2103 of Title XXI of the Social Security
34 Act. The copayment levels established by the board shall, to the
35 extent possible, reflect the copayment levels established for state
36 employees, effective January 1, 1998, through the Public
37 Employees' Retirement System. Under no circumstances shall
38 copayments exceed the copayment level established for state
39 employees, effective, January 1, 1998, through the Public
40 Employees' Retirement System. Total annual copayments charged



1 to *child* subscribers shall not exceed two hundred fifty dollars
2 (\$250) per family. *Total annual copayments charged to parent*
3 *subscribers shall not exceed two hundred fifty dollars (\$250) per*
4 *family*. The board shall instruct participating health plans to work
5 with their provider networks to provide for extended payment
6 plans for subscribers utilizing a significant number of health
7 services for which copayments are charged. The board shall track
8 the number of subscribers who meet the copayment maximum in
9 each year and make adjustments in the amount if a significant
10 number of subscribers reach the copayment maximum.

11 (b) No deductibles shall be charged to subscribers for health
12 benefits.

13 (c) Coverage provided to subscribers shall not contain any
14 preexisting condition exclusion requirements.

15 (d) No participating health, dental, or vision plan shall exclude
16 any subscriber on the basis of any actual or expected health
17 condition or claims experience of that subscriber or a member of
18 that subscriber's family.

19 (e) There shall be no variations in rates charged to subscribers
20 including premiums and copayments, on the basis of any actual or
21 expected health condition or claims experience of any subscriber
22 or subscriber's family member. The only variation in rates charged
23 to subscribers, including copayments and premiums, that shall be
24 permitted is that which is expressly authorized by Section
25 12693.43.

26 (f) There shall be no copayments for preventive services as
27 defined in Section 1367.35 of the Health and Safety Code.

28 (g) There shall be no annual or lifetime benefit maximums in
29 any of the coverage provided under the program.

30 (h) Plans that receive purchasing credits pursuant to Section
31 12693.39 shall comply with subdivisions (b), (c), (d), (e), (f), and
32 (g).

33 *SEC. 5.* Section 12693.70 of the Insurance Code is amended
34 to read:

35 12693.70. To be eligible to participate in the program, an
36 applicant shall meet any of the requirements in Section 12693.756
37 or all of the following requirements:

38 (a) Be an applicant applying on behalf of an eligible child,
39 which means a child who is all of the following:



1 (1) Less than 19 years of age. An application may be made on
2 behalf of a child not yet born up to three months prior to the
3 expected date of delivery. Coverage shall begin as soon as
4 administratively feasible, as determined by the board, after the
5 board receives notification of the birth. However, no child less
6 than 12 months of age shall be eligible for coverage until 90 days
7 after the enactment of the Budget Act of 1999.

8 (2) Not eligible for no-cost full-scope Medi-Cal or Medicare at
9 the time of application.

10 (3) In compliance with Sections 12693.71 and 12693.72.

11 (4) A child who meets citizenship and immigration status
12 requirements that are applicable to persons participating in the
13 program established by Title XXI of the Social Security Act,
14 except as specified in Section 12693.76.

15 (5) A resident of the State of California pursuant to Section 244
16 of the Government Code; or, if not a resident pursuant to Section
17 244 of the Government Code, is physically present in California
18 and entered the state with a job commitment or to seek
19 employment, whether or not employed at the time of application
20 to or after acceptance in, the program.

21 (6) (A) In a family with an annual or monthly household
22 income equal to or less than 200 percent of the federal poverty
23 level.

24 (B) All income over 200 percent of the federal poverty level but
25 less than or equal to 250 percent of the federal poverty level shall
26 be disregarded in calculating annual or monthly household
27 income.

28 (C) In a family with an annual or monthly household income
29 greater than 250 percent of the federal poverty level, any income
30 deduction that is applicable to a child under Medi-Cal shall be
31 applied in determining the annual or monthly household income.
32 If the income deductions reduce the annual or monthly household
33 income to 250 percent or less of the federal poverty level,
34 subparagraph (B) shall be applied.

35 (b) If the applicant is applying for the purchasing pool, and
36 does not have a family contribution sponsor the applicant shall pay
37 the first month's family contribution and agree to remain in the
38 program for six months, unless other coverage is obtained and
39 proof of the coverage is provided to the program.



1 (c) An applicant shall enroll all of the applicant's eligible
2 children in the program.

3 ~~SEC. 3.~~

4 *SEC. 6.* Section 12693.756 is added to the Insurance Code, to
5 read:

6 12693.756. Commencing on or after July 1, 2001, and upon
7 receipt of any necessary federal waivers the board shall expand
8 eligibility under this part to include uninsured parents of children
9 eligible to receive coverage under the Healthy Families Program.
10 Program eligibility and benefits offered to this new group shall be
11 provided in accordance with this part. Uninsured parents of
12 children receiving no-cost Medi-Cal shall also be eligible for
13 coverage under this part. Program eligibility and benefits offered
14 to uninsured parents of children receiving Medi-Cal shall be
15 provided in accordance with this part. *This section shall be*
16 *implemented only to the extent that federal financial participation*
17 *is obtained and funds are appropriated for this purpose. No*
18 *appropriation shall be made for the purpose of this section by*
19 *Section 12693.96.* The board shall adopt regulations necessary to
20 implement this expanded program.

21 ~~SEC. 4.~~ This act shall become operative July 1, 2001.

22 ~~SEC. 5.~~ This act is an urgency statute necessary for the
23 immediate preservation of the public peace, health, or safety
24 within the meaning of Article IV of the Constitution and shall go
25 into immediate effect. The facts constituting the necessity are:

26 In order to provide health care services eligibility to adults who
27 are presently uninsured and who meet certain other conditions, as
28 soon as possible, it is necessary that this act take effect
29 immediately as an urgency statute.

