



September 9, 1997

CONFERENCE COMMITTEE APPROVES CHILDREN'S HEALTH PROPOSAL

On September 9, a two-house conference committee approved a two-bill package extending health coverage to uninsured children. The two conference reports, contained in SB 903 (Lee and Maddy) and AB 1126 (Figueroa and Villaraigosa), will most likely come before both houses of the legislature this Friday. The new "Healthy Families" plan would be administered by the state's Managed Risk Medical Insurance Board (MRMIB). In addition, the measures contain modifications to the Medi-Cal program designed to improve access.

HEALTHY FAMILIES

The new Healthy Families Program:

- Covers children ages 7 - 18 with incomes between 100 and 200 percent of the federal poverty level (FPL) and between 2 and 6 with incomes between 133 and 200 percent of FPL (children aged 2 to 6 with incomes between 133 and 200 percent of FPL qualify for Medi-Cal as do infants with incomes up to 200 percent of FPL).
- Allows families to purchase coverage through a purchasing pool administered by MRMIB or receive a purchasing credit or subsidy toward the purchase of employer-provided dependent coverage.
- Requires a benefit package equivalent to that provided to state employees, including dental and vision care. However, orthodontic coverage would be limited to medically necessary services. Plans could not establish deductions, exclusions for pre-existing conditions, or deny coverage to any applicant based on any actual or anticipated health condition.
- Requires a family contribution of \$7 per child/\$14 per family per month for families with incomes of up to 150 percent of the FPL and \$9 per child/\$27 per month for families with incomes between 150 and 200 percent of FPL for the plan designated as the Family Value Package. Families that pay three months of contributions in advance would receive the fourth month free. Family contributions could exceed these amounts.
- Establishes a discounted Community Provider Plan rate for families enrolling in the plan designated by MRMIB as having the highest percentage of traditional and safety net providers in their geographic area. The discounted premium would be \$4 per child/\$8 per family per month for families with incomes of up to 150 percent of FPL and \$6 per child/\$18 per family per month for families with incomes between 150 and 200 percent of FPL. The discount is designed to encourage utilization of providers traditionally serving the uninsured.
- Requires \$5 per visit copayments, but establishes a \$250 per family annual cap on copayments. Copayment would not apply to visits for preventative services.
- Provides 12 months of continuous eligibility. This allows families whose income rises above the 200 percent limit for the program to maintain coverage during that period.

- Authorizes MRMIB to contract with health plans, including Local Initiatives and County Organized Health Systems, to provide coverage.
- Requires the Department of Health Services to establish an outreach program to notify families regarding the availability of coverage through the new program. The Department is authorized to contract with programs such as Head Start, Healthy Start, and WIC sites to conduct outreach and education efforts.
- Establishes standards for plans eligible to provide coverage under the new plan.
- Establishes procedures and limits on eligibility designed to discourage termination of employer-based dependent coverage.
- Allows families to apply for coverage using a mail-in application.
- Authorizes up to five rural demonstration projects.
- Specifies the composition of a Healthy Families Advisory Board.
- Ends the program on January 1, 2004, reflecting the expiration of the federal financial commitment to the program.

MEDI-CAL ENHANCEMENTS

- Increases the income eligibility level for Medi-Cal to 100 percent of FPL for children ages 14 through 18 (the current level is 84 percent).
- Waives the asset test for Medi-Cal eligibility as soon as “administratively feasible.”
- Requires the Department of Health Services to design a simplified Medi-Cal application form and mail in application process no later than July 1, 1998, pending federal approval.
- Provides a month of Medi-Cal eligibility to children in families who are determined not to meet income eligibility standards.

An estimated 580,000 children qualify for coverage in the Healthy Families program. Total program costs are estimated at \$485 million, with \$170 million coming from the state General Fund. Costs attributed to the Medi-Cal portion of the program are estimated at \$43 million per year. Healthy Families would begin enrolling children July 1, 1998.