

# MANAGED RISK MEDICAL INSURANCE BOARD PROGRAMS

## Healthy Families

The Healthy Families Program (HFP) is California’s state administered State Children’s Health Insurance Program (SCHIP) that provides health, dental and vision coverage to uninsured children/teens who do not qualify for Medi-Cal. Income requirements vary from 100% FPL to up to 250% FPL depending on the age of the child. Families pay a sliding scale monthly premium, with the program subsidizing the remainder of the costs.

### Healthy Families Enrollment

The Healthy Families Program (HFP) has seen steady growth in enrollment over the past 10 years, with almost 900,000 enrollees in November of 2010. While unemployment and uninsured rates soared during the recession, HFP enrollment saw a decline in 2009. Some possible explanations for this trend include: 1) the enrollment freeze from July to December of 2009; 2) the recession that may have led to HFP eligibles (100-250% FPL) becoming eligible for Medi-Cal (0-100% FPL); and/or 3) the increase in premiums and co-pays that went into effect November 2009 that priced enrollees out of the program.

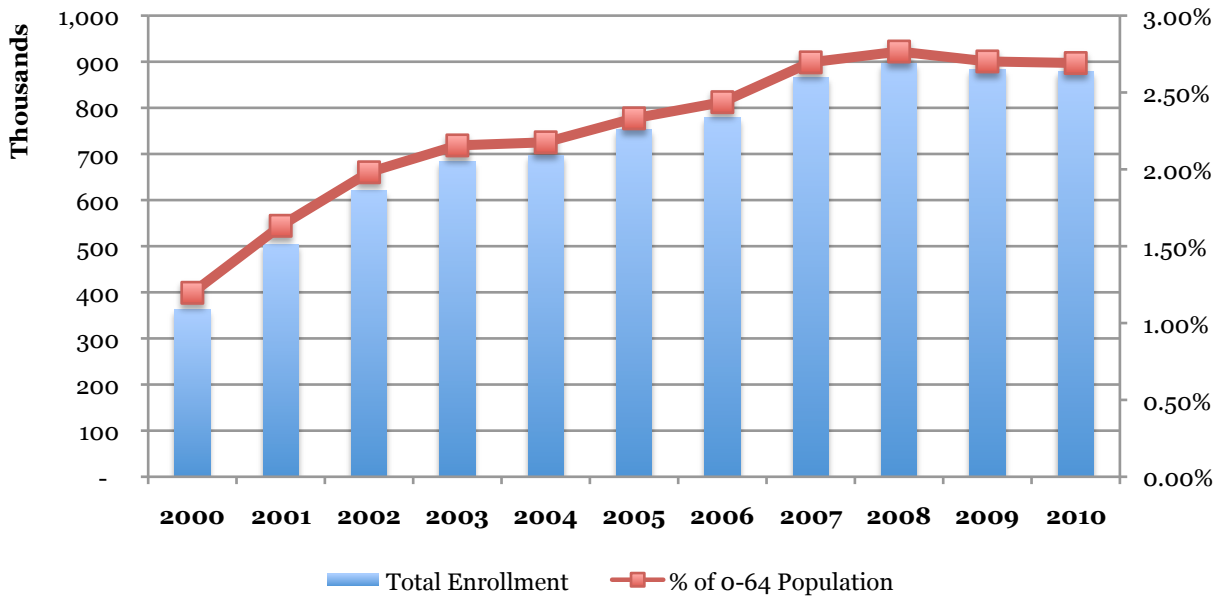


Figure 1. Healthy Families Enrollment, 2000 to 2010.

Source: State of California, Managed Risk Medical Insurance Board, Healthy Families Program Subscribers Currently Enrolled by Ethnicity; by County, 2000-2010.

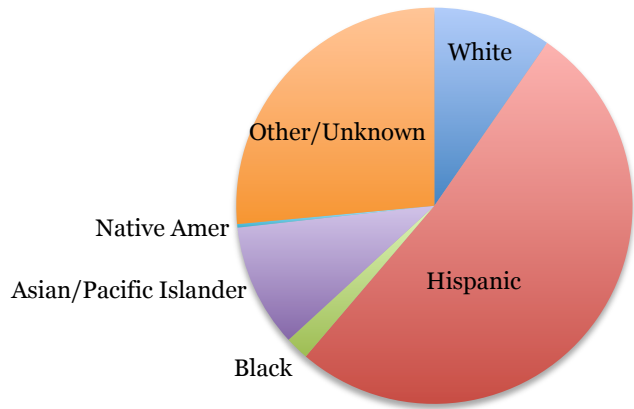


Figure 2. Healthy Families Enrollment by Race/Ethnicity, 2009.

Source: State of California, Managed Risk Medical Insurance Board, Healthy Families Program Subscribers Currently Enrolled by Ethnicity; by County, 2000-2010.

### *Healthy Families Spending*

The federal government generally provides about 65% of funding (\$775 million in 2010-11) for the HFP, with the state providing the remaining 35% share (\$424 million in 2010-11). Prior to FY 2009-10, the state’s share of the cost was funded primarily through General Funds. Beginning in 2009-10, however, two additional alternate sources of funding were used: 1) contributions from the California Children and Families Commission (First 5 California) for children up to age 5, and 2) premium taxes on Medi-Cal managed care plans. In FY 2010-11, HFP received \$83 million and \$197 million from these sources, respectively; these alternate sources funded the majority of the state’s share. General Funds were therefore diverted to other programs.

As a result, after seeing several years of steady funding, HFP General Fund expenditures decreased drastically in FY 2009-10 and FY 2010-11, with more cuts proposed in FY 2011-12.<sup>1</sup> In May 2009, the Governor proposed to eliminate General Fund support for the program entirely; the Legislature rejected the Governor’s proposal and adopted a \$124 million reduction instead.

<sup>1</sup> See Future of Healthy Families.

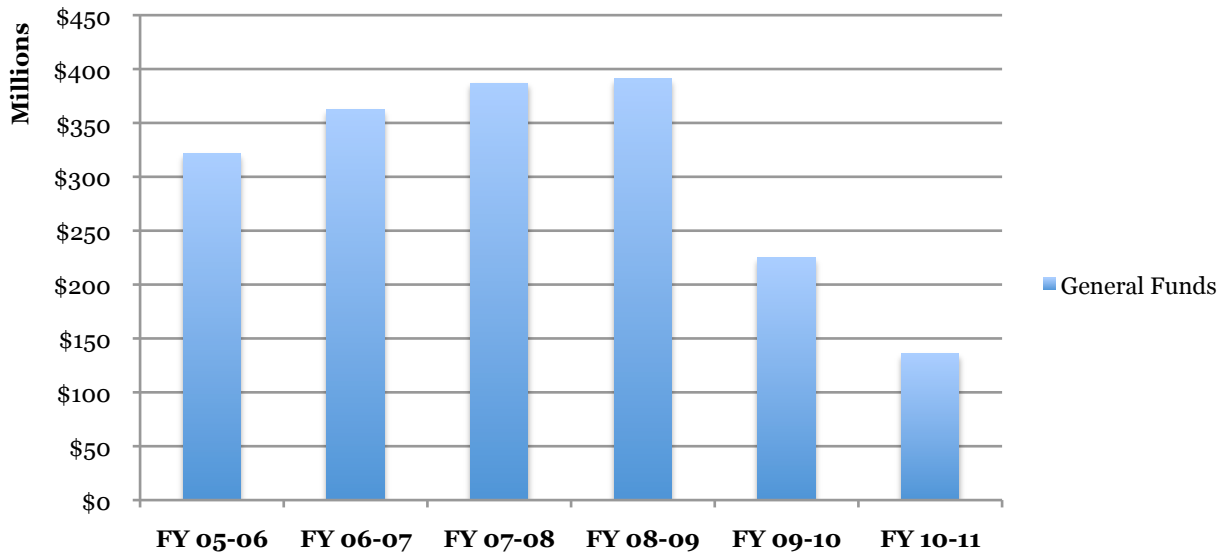


Figure 3. General Fund Healthy Families Expenditures, FY 2005-06 to 2010-11.

Sources: State of California, Legislative Analyst’s Office, 2005-06 California Spending Plan, 2006-07 California Spending Plan, 2007-08 California Spending Plan, 2008-09 California Spending Plan, 2009-10 California Spending Plan, 2010-11 California Spending Plan.

### *Future of Healthy Families*

Because HFP is not an entitlement program, it has been subject to caps, waiting lists, cost sharing and service reductions in the past, and will in the future as well. Federal reform recently instituted a new maintenance of effort (MOE) requirement on Healthy Families that prohibits reductions in eligibility standards and also requires maintenance of the program until October 1, 2019. The FY 2011-12 budget proposed several spending reductions to the HFP. Elimination of vision benefits has been proposed, as well as further increases in premiums and co-payments. For families with incomes between 150% and 200% of the FPL, premiums could increase from \$16 to \$30 (maximum of \$90); for families with incomes between 200% and 250% of FPL, premiums could increase from \$24 to \$42 (maximum of \$126); families with incomes under 150% of FPL will not see premium increases. This would mark the third time in three very tough years that premiums have been increased for economically disadvantaged families. The new budget also proposes increases in co-payments for emergency room visits (\$15 to \$50) and inpatient hospital stays (\$0 to \$100 day/\$200 maximum). These changes could price many families out of HFP or prevent enrollees from seeking hospital care, thus jeopardizing the health of children in low-to-moderate income families.

## Major Risk Medical Insurance Program (MRMIP)

The Major Risk Medical Insurance Program (MRMIP) provided health insurance for Californians unable to obtain coverage in the private individual health insurance market due to pre-existing conditions. These individuals must be California residents ineligible for COBRA or Medicare Part A or B (unless eligibility is solely due to end-stage renal disease). MRMIP provided comprehensive benefit packages with a \$500 annual deductible and a \$75,000 annual cap and \$750,000 lifetime cap on benefits. The program is funded primarily by Proposition 99 tobacco tax revenues, which have been steadily declining from \$575 million in 1989-90 to \$285 million 2009-10. The Governor's proposed FY 2011-12 budget allocated \$37 million in total funds for MRMIP.

The enactment of AB1401 created the Guaranteed Issue Pilot Program (GIP), which transitioned long-time enrollees into health plans without a subsidy. The expiration of this four-year pilot program in 2007 created a long waiting list of uninsured individuals. As of November 2010, 6,700 subscribers were enrolled, with 262 dependents; the waiting list had 38 individuals.<sup>2</sup>

<b>Race/Ethnicity</b>	
Caucasian	4,268
African American	181
Native American	35
Latino	745
Asian & Pacific Islander	647
Other/Unknown	1,086
<b>Gender</b>	
Female	3,954
Male	3,008
<b>Total</b>	<b>6,962</b>

Table 1. MRMIP Enrollment by race/ethnicity; by gender, November 2010.

Sources: State of California, Managed Risk Medical Insurance Board, MRMIP Subscriber and Health Plan Data: November 2010 Summary, Dec 15, 2010.

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<sup>2</sup> State of California, Managed Risk Medical Insurance Board, MRMIP Subscriber and Health Plan Data: November 2010 Summary.

### *Future of MRMIP*

As a result of the Affordable Care Act (ACA), the state has a contract with the federal Department of Health and Human Services to establish a federally funded high-risk pool program to provide coverage for MRMIP's target adult population.<sup>3</sup> This Pre-Existing Condition Insurance Pool (PCIP) is also operated by MRMIB, and will last until December 31, 2013, at which point, the full implementation of health reform will render the program obsolete.<sup>4</sup> Unlike MRMIP, PCIP is limited to US citizens and lawfully present individuals, and no dependent coverage is available. While PCIP does not have any annual or lifetime benefit caps, it does have a higher annual deductible (\$1,500 vs. MRMIP's \$500). Individuals are welcome to apply to both programs, but enrollment in MRMIP will disqualify individuals from PCIP. The FY 2011-12 budget allocates \$341.4 million in total funds for PCIP, almost ten times as much as it did for MRMIP. Like HFP, there is a federal MOE requirement for MRMIP as well.

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<sup>3</sup> Federal health reform mandated a children's guaranteed issue to take effect in September 2010. Many insurance providers protested by withdrawing from the child-only market. AB 2244, which took effect in January 2011, bans any insurance provider from selling any policies on the individual market if they do not also provide child-only policies.

<sup>4</sup> Starting January 1, 2014, there will no longer be a need for high-risk pools because federal rules will not allow insurers to reject persons with pre-existing conditions or charge higher rates than those without such conditions.

## Access for Infants and Mothers (AIM)

The Access for Infants and Mothers (AIM) program provides low cost health insurance coverage to uninsured, middle-income pregnant women (200-300% FPL) who do not qualify for Medi-Cal or Healthy Families. The total cost is 1.5% of the subscriber's adjusted annual household income, with the state and federal government supplementing the remainder of costs. The program provides comprehensive health care from the effective date of coverage until 60 days after the pregnancy has ended. Babies born to women enrolled in AIM are eligible for Healthy Families enrollment. The Governor's proposed FY 2011-12 budget allocated \$122.5 million in total funds for the AIM program, with the majority of the state's share coming from Proposition 99 tax revenues.

AIM enrollment has decreased in the past three years, with a slight increase in 2010. Currently, there is not a waiting list for enrollment into the program; MRMIB may create a waiting list and/or dis-enroll women if there is a future shortfall of federal or state funding.

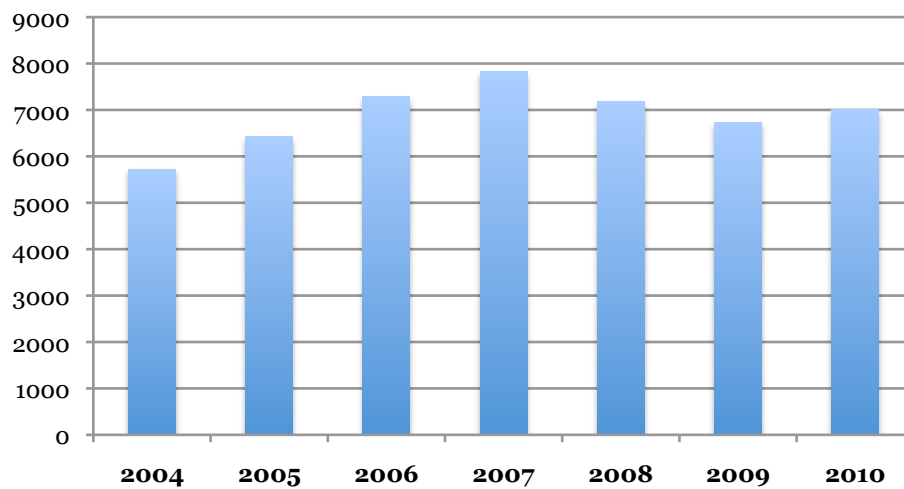


Figure 4. AIM Total Enrollment, Mothers Only, 2004-2010.

Sources: State of California, Managed Risk Medical Insurance Board, AIM Currently Enrolled by Ethnicity, Moms Only, 2004-2010.

As of November 2010, there were 7,036 women currently enrolled, with 911 new subscribers in the month of November. Latinas comprised the largest proportion of subscribers (39.5%), followed by Caucasians (28%) and Asian/Pacific Islanders (23.3%).

Race/Ethnicity	
Caucasian	1,970
African American	99
Native American	14
Latina	2,779
Asian & Pacific Islander	1,639
Other/Unknown	535
<b>Total</b>	<b>7,036</b>

Table 2. AIM Total Enrollment by Race/Ethnicity, November 2010.

Sources: State of California, Managed Risk Medical Insurance Board, AIM Subscriber and Health Plan Data: November 2010 Summary, Dec 15, 2010.