

DEPARTMENT OF HEALTH SERVICES

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April 24, 1998

Ms. Kathleen Farrell
Health Insurance Specialist
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Baltimore, Maryland 21244-1850

Dear Ms. Farrell:

Enclosed you will find the technical corrections to Section 4 of the California State Plan for Title XXI which you requested this morning.

We appreciate your rapid review of our State Plan amendment.

Sincerely,

Lesley Cummings
Associate Director
Health Policy

Enclosure

cc: Sally K. Richardson
Richard Chamber.,
Richard Fenton
Sandra Shewry

Section 4. Eligibility Standards and Methodology. (Section 2102(b))

Check here if the state elects to use funds provided under Title XXI only to provide expanded eligibility under the state's Medicaid plan, and continue on to Section 5.

4.1. The following standards may be used to determine eligibility of targeted low-income children for child health assistance under the plan. Please note whether any of the following standards are used and check all that apply. If applicable, describe the criteria that will be used to apply the standard. (Section 2102)(b)(1)(A))

- 4.1.1. Geographic area served by the Plan: The plan is available statewide.
- 4.1.2. Age: Children from ages 1 to 19 will be served within the insurance program and infants ages 0-1 within the AIM program. Children ages 14-19 with family incomes 85% to 100% FPL will be eligible for Medi-Cal through a Title XXI expansion.
- 4.1.3. Income: Between 100-200% FPL for the insurance program and 200-250% for AIM. Medi-Cal uses specific exemptions from income, as is detailed in California's Title XIX State plan. The insurance programs will use exemptions, such as agent orange payments, that are required for federally means tested programs.
- 4.1.4. Resources (including any standards relating to spend downs and disposition of resources): The insurance program has no resource requirements. Consistent with this approach, California will waive the resource Medicaid requirements for all children in the Federal Poverty Level program under Medi-Cal.
- 4.1.5. Residency: Children must be residents of California. They must also meet the citizenship and immigration status requirements applicable to Title XXI.
- 4.1.6. Disability Status (so long as any standard relating to disability status does not restrict eligibility): _____
- 4.1.7. Access to or coverage under other health coverage: Children are ineligible for the insurance program if they have been covered under employer sponsored coverage within the prior 3 months (with certain exceptions described in Section 4.4.3) or if they are eligible for (no cost) Medi-Cal or Medicare coverage. To participate in AIM, pregnant women must not have employer sponsored coverage or no cost Medi-Cal at the time of applicatio
- 4.1.8. Duration of eligibility: Annual eligibility determination for Healthy Families. Medi-Cal will extend one month of continued eligibility for children whose family income increases beyond Medi-Cal's eligibility threshold for no-cost

Medi-Cal. Infants aged 0-1 in the AIM program are determined eligible at the time their pregnant mother enrolls.

4.1.9.

Other standards(identify and describe):

- Enrollment in the insurance program and AIM will be limited to the number of children that can be served within appropriated funds.
- To be eligible for the purchasing pool, families must enroll all of their children, pay the first month's family contribution, and agree to remain in the pool for at least six months, unless other coverage is obtained and demonstrated. To remain enrolled in the purchasing pool, families must make their premium payments. Those who fail to do so will be disenrolled and not allowed to apply again for six months. However, state law stipulates that MRMIB may waive the six month exclusionary period of disenrollment for good cause.
- Children are ineligible for the insurance program if they are eligible for any California Public Employees' Retirement System Health Benefits Program(s), if they are an inmate in a public correctional institution or if they are a patient in an institution for mental illness.
- To be eligible for AIM, families must agree to pay 2% of the family's gross income plus \$100 at the child's first birthday (\$50 discount if the child's immunizations are up to date on their first birthday). The child's mother must have lived in California for at least six months prior to applying for coverage under the program.

4.2. **The state assures that it has made the following findings with respect to the eligibility standards in its plan:** (Section 2102)(b)(1)(B))

- 4.2.1. **These standards do not discriminate on the basis of diagnosis.**
- 4.2.2. **Within a defined group of covered targeted low-income children, these standards do not cover children of higher income families without covering children with a lower family income.**
- 4.2.3. **These standards do not deny eligibility based on a child having a pre-existing medical condition.**

4.3. Describe the methods of establishing eligibility and continuing enrollment.
(Section 2102)(b)(2))

Insurance Program

MRMIB will contract with a private company to conduct eligibility determinations, premium collection, payment of the application assistance fee and other enrollment functions. This is the same process that it uses for MRMIB's three existing programs.

Families will fill out a simple application and mail it, with accompanying supporting documents, to MRMIB's enroller. The application/enrollment brochure will be published in English, Spanish, and any other languages designated by the Department of Health Services as a "threshold" language for the Medi-Cal program. Families with questions about the form will be able to call the administrative vendor through a toll free number. Families will be able to speak to the administrative vendor's staff in English or Spanish, and may communicate via other languages through a telephone translation service. The state will pay certain agencies and individuals, such as insurance agents, parent-teacher organizations and county health departments, an application assistance fee of \$25 for assisting a family with a successful application. The supporting documents that families send to the enroller will include documentation of income eligibility which the administrative vendor will verify using copies of the past year's federal income tax forms, or current year wage stubs. The administrative vendor will audit a random sample of applications on an ongoing basis using the IEVS system to confirm income information. The Systematic Alien Verification System (SAVE) or an appropriate alternative will be used to verify immigration status.

The administrative vendor will review the application within a 3 day time frame and either return it to the applicant for additional information or enroll the child(ren) in a purchasing pool health plan. Coverage under the purchasing pool plan will begin 10 days after the application has been determined complete.

Eligibility will be continuous for 12 months and reestablished annually, unless a child is otherwise made ineligible.

Enrollment in a Health Plan. Families will select their children's health plans when applying for the program. They will choose from among the plans participating in their geographic area. The number of plans from which families can choose will vary depending on the geographic area, as there are fewer managed care plans available in rural areas. In the state's population centers, MRMIB expects families to be able to choose from between 5-10 health plans, dropping down to one or two plans in the most rural parts of the state.

Descriptions of each health plan will be included in the program's application brochure. In

Descriptions of each health plan will be included in the program's application brochure. In the description, each plan will list its toll free numbers and describe how families can get copies of its provider directories and evidence of coverage documents. The application and enrollment materials will be available in English, Spanish, and any other threshold language designated by the Department of Health Services.

MRMIB will provide participating families with an annual open enrollment period during which time they may choose to switch plans.

Medi-Cal

Eligibility will be established and enrollment continued in a manner that is consistent with the state's Title XIX plan.

AIM

MRMIB presently contracts with a private company, Maxicare - Health Care Alternatives, which serves as the administrative vendor for the program.

Families fill out a four-page application and mail it, with accompanying supporting documents, to MRMIB's administrative vendor. Applications are available in English and Spanish. Certain agencies (such as county health departments or maternal and child health contractors) and providers (such as physicians and registered nurses) specified by MRMIB can obtain a \$50 application assistance fee for assisting a family with their (successful) application. The supporting documents families send include documentation of income eligibility which the administrative vendor verifies using copies of the past year's federal income tax forms, or current year wage stubs.

Maxicare reviews the application within a 10 day time frame and either returns it to the applicant for additional information or enrolls the pregnant woman in the purchasing pool health plan selected by the woman. Coverage under the purchasing pool plan begins 10 days after the application has been determined complete.

Eligibility is determined once -- at time of application to the program-- and continues for 60 days postpartum, for the mother and up to the child's second birthday. (However, the state seeks FFP only for the health care costs of the child up to age one and only for children with family incomes between 200% and 250% of poverty.)

4.4. Describe the procedures that assure:

4.4.1. Through intake and followup screening, that only targeted low-income children who are ineligible for either Medicaid or other creditable coverage are furnished child health assistance under the state child health plan. (Section 2102)(b)(3)(A))

In the Medi-Cal program, California will implement a resource disregard for children in the Federal Poverty Level program. In the insurance program, MRMIB will use income disregards similar to Medi-Cal's to ascertain whether a child should be a Medi-Cal or Healthy Families enrollee. Once it is clear that a child is not Medi-Cal eligible, his or her gross family income, will be reviewed to determine whether the child is Healthy Families eligible.

To screen for Medicaid eligibility, insurance enroller will verify the income eligibility of families by reviewing income information submitted by families including either the previous year's federal income tax forms or current year wage stubs. Based on this verification, families eligible for Medi-Cal with no share of cost will be denied enrollment in the Healthy Families program but referred to the Medi-cal program.

Further, the Healthy Families program will share eligibility files with Medi-Cal on an ongoing basis to check for children enrolled in both programs. Additionally, a random sample of applications will be audited using the Income Eligibility Verification System (IEVS) on an on-going basis to verify that the incomes being reported were the incomes earned.

Private Coverage. The application will ask parents about their access to employer sponsored coverage. Children who have been covered under such coverage in the prior 3 months will be determined ineligible.

AIM

The program serves women whose family income is too high for Medi-Cal and who do not have employer sponsored coverage. The AIM administrative vendor verifies the income eligibility of families by reviewing income information submitted by families, either the previous year's federal income tax forms or current year wage stubs. Families eligible for no-cost Medi-Cal are denied AIM enrollment. If a family indicates on the AIM application that it has coverage through an employer, that application is not approved.

4.4.2. That children found through the screening to be eligible for medical assistance under the state Medicaid plan under Title XIX are enrolled for such assistance under such plan. (Section 2102)(b)(3)(B))

California has developed an application form which can be used both for Healthy Families and Medi-Cal for pregnant women and children. The form helps families determine for which program they are eligible.

The state's outreach and community based organization activities will be coordinated between Medi-Cal and the insurance program. These efforts will aim to assist

families in applying for the program under which they qualify, with a goal of directing families to the correct program at the point of first contact in recognition that CBO's are often the health system's first contact with uninsured families with income under 200%.

The state also intends to rely heavily on the state's CHDP program as an access point into coverage. CHDP providers will screen the children for eligibility into Medi-Cal or Healthy Families and assist families in filing applications for the appropriate program.

4.4.3. That the insurance provided under the state child health plan does not substitute for coverage under group health plans. (Section 2102)(b)(3)(C))

The program design for Healthy Families contains a number of features to protect against it becoming a substitute for coverage under group health plans. Healthy Families:

- Establishes a coverage “firewall” -- a prohibition against covering children who have had employer sponsored coverage within 3 months prior to applying for Healthy Families. MRMIB is authorized to increase the length of the period to 6 months if it finds that Healthy Families is covering substantial numbers of children who were previously covered under employer-sponsored plans.
- The state has established exceptions to this limitation in cases whose prior coverage ended due to reasons unrelated to the availability of the program. These include, but are not limited to:
 - Loss of employment due to factors other than voluntary termination.
 - Change to a new employer that does not provide an option for dependent coverage.
 - Change of address so that no employer sponsored coverage is available.
 - Discontinuation of health benefits to all employees of the applicant's employer.
 - Expiration of COBRA coverage period.
 - Coverage provided pursuant to an exemption authorized under subdivision (D) of Section 1367 of the Health and Safety Code.
- Establishes copayments for non preventive services. Virtually all coverage available through employers require copayments.
- Prohibits insurance agents and insurers from referring dependents to the program where dependents are already covered through employer sponsored coverage. Violation of the provisions would constitute unfair competition

under the Business and Professions Code.

- Makes it an unfair labor practice for an employer **to** refer employees **to** the program for dependent coverage where the employer provides for such coverage.
- Makes it an unfair labor practice for an employer to change coverage or change the employee share of cost for coverage to get employees **to** enroll in the Program.
- Directs MRMIB to develop participation standards that minimize “crowd out”.
- Directs MRMIB to monitor applications to determine whether employers or employees dropped coverage to participate in the program.

4.4.4. The provision of child health assistance to targeted low-income children in the state who are Indians (as defined in section 4(c) of the Indian Health Care Improvement Act, 25 U.S.C. 1603(c). (Section 2102)(b)(3)(D))

The provision of child health assistance to low income children who are American Indians (as defined in section 4(c) of the Indian Health Care Improvement Act, 25 U.S.C.1603(c) (Section 2102)(b)(3)(D), will be assured through the following procedures:

- Technical assistance by the state American Indian Health Program, Federal Indian Health Services, and tribes in tracking of services to American Indians.
- Inclusion of American Indian ethnicity using the federal definition on the application form for tracking purposes.
- Targeted statewide outreach media campaign and outreach activities through contracts with selected community based organizations providing services to American Indian children to assure that American Indian families are aware of the program throughout the state and to assist children in enrolling in the Healthy Families Program.
- Provision of training to local American Indian clinic staff for outreach and referral **to** the Healthy Families program.
- Use of the 30 American Indian primary care clinics (which are CHDP providers) to screen low income youth, provide initial treatment and referral either to Medi-Cal or Healthy Families.

4.4.5. Coordination with other public and private programs providing creditable coverage for low-income children. (Section 2102)(b)(3)(E))

The state's goal is to provide all targeted low-income children with a streamlined and comprehensive system of care that secures a medical home for children. Thus, California will ensure that the insurance program coordinates with Medi-Cal in identifying and facilitating enrollment in the respective programs. MRMIB will coordinate with the Department of Health Services in its efforts to conduct outreach and education efforts for all children under 200% FPL whether they qualify for Medi-Cal or the new insurance program. Community based organizations participating in this effort, **as well as** CHDP providers, will direct families to the appropriate program at this first point of contact, and will assist them in applying for each respective program. Public programs which have established networks serving families who would meet the insurance programs income eligibility requirements (CHDP, WIC, FQHCs, local health departments, Healthy **Start** sites) will be used **as** a resource in identifying and enrolling eligible children.

The insurance program will ensure that children with specialized needs will be referred to appropriate programs, such **as** the CCS program. Health plans participating in the insurance program will develop MOU's with county mental health departments for the referral of seriously emotionally disturbed children.