

Senate Bill No. 336

Passed the Senate August 31, 2002

Secretary of the Senate

Passed the Assembly August 29, 2002

Chief Clerk of the Assembly

This bill was received by the Governor this _____ day of
_____, 2002, at _____ o'clock __M.

Private Secretary of the Governor

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CHAPTER _____

An act to add Section 12693.705 to the Insurance Code, and to amend Section 14008.85 of, and to amend, repeal, and add Section 14011 of, of the Welfare and Institutions Code, relating to health care.

LEGISLATIVE COUNSEL'S DIGEST

SB 336, Ortiz. Health care programs: eligibility.

Existing law establishes the Healthy Families Program, administered by the Managed Risk Medical Insurance Board, to arrange for the provision of health, dental, and vision services to eligible children pursuant to a federal program, entitled the State Children's Health Insurance Program. Under existing law, in order to be eligible, an applicant must be applying on behalf of a child who meets certain requirements, including being in a family having a gross annual household income equal to or less than 200% of the federal poverty level, and meeting citizenship and immigration status requirements established by federal law.

Existing law requires the board to provide coverage under the Healthy Families Program to eligible uninsured parents and responsible adults upon approval of a federal waiver under the federal State Children's Health Insurance Program.

This bill would require the board to require applicants for, and recipients of, benefits under the Healthy Families Program, to provide independent documentation that they meet the qualifications for eligibility only to the extent required by federal law, except as specified. The bill would require these applicants and recipients to file an affirmation, signed under penalty of perjury, providing specified income information in connection with the board's eligibility determination. By expanding the scope of the crime of perjury, this bill would impose a state-mandated local program. The bill would specify that the board shall implement those provisions upon implementation of the State Children's Health Insurance Program waiver.

Existing law provides for the Medi-Cal program, which is administered by the State Department of Health Services, pursuant to a state plan that has received federal approval for federal financial participation through which medical benefits are



provided to public assistance recipients and certain other low-income persons.

Under existing law, to the extent federal financial participation is available, a parent who is the principal wage earner is considered an unemployed parent for purposes of establishing eligibility for benefits under the Medi-Cal program based upon deprivation of a child in certain circumstances.

This bill would revise the definition of an unemployed parent for purposes of Medi-Cal program eligibility, by requiring the department, by March 1, 2003, to submit a state plan amendment basing the definition of unemployment for this purpose on the net nonexempt earned income of the principal wage earner only and increasing the income level to 100% of the federal poverty level as applied to the principal wage earner of the family. The bill would condition implementation of this provision on approval of a specified waiver under the federal State Children's Health Insurance Program.

Existing law requires applicants for benefits under the Medi-Cal program who are not recipients of aid under other specified public assistance programs to file an affirmation providing certain income information in connection with the department's eligibility determination.

This bill would require the above affirmation to be signed under penalty of perjury. By expanding the scope of the crime of perjury, the bill would impose a state-mandated local program. The bill would also require applicants and recipients to provide independent documentation that they meet the qualifications for eligibility only to the extent required by federal law, except as specified. The bill would make those provisions operative on the first day the federal waiver under the State Children's Health Insurance Program is implemented.

Under existing law, counties are responsible for the implementation of eligibility determinations under the Medi-Cal program.

By extending the eligibility for benefits under the Medi-Cal program and modifying the eligibility determination process, this bill would increase the responsibilities of the counties in the administration of the Medi-Cal program and would result in a state-mandated local program.



The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement, including the creation of a State Mandates Claims Fund to pay the costs of mandates that do not exceed \$1,000,000 statewide and other procedures for claims whose statewide costs exceed \$1,000,000.

This bill would provide that with regard to certain mandates no reimbursement is required by this act for a specified reason.

With regard to any other mandates, this bill would provide that, if the Commission on State Mandates determines that the bill contains costs so mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

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

SECTION 1. Section 12693.705 is added to the Insurance Code, to read:

12693.705. (a) Subject to subdivisions (b) and (c), the board shall require applicants and recipients to provide independent documentation that they meet the qualifications for eligibility only to the extent required by federal law.

(b) The board shall require every applicant for, and recipient of, benefits under this part to file an affirmation, signed under penalty of perjury, setting forth any facts about his or her annual income, applicable income deductions, and other qualifications for eligibility as may be required by the board. The statements shall be on forms prescribed by the board.

(c) Nothing in this section shall affect the board's authority to verify eligibility through the Income Eligibility Verification System match under Section 1137 of the federal Social Security Act (42 U.S.C. Sec. 1320b-7), or to conduct paperless posteligibility random sampling.

(d) The board shall implement this section upon implementation of the State Children's Health Insurance Program waiver described in subdivision (b) of Section 12693.755.

SEC. 2. Section 14008.85 of the Welfare and Institutions Code is amended to read:



14008.85. (a) To the extent federal financial participation is available, a parent who is the principal wage earner shall be considered an unemployed parent for purposes of establishing eligibility based upon deprivation of a child where any of the following applies:

(1) The parent works less than 100 hours per month as determined pursuant to the rules of the Aid to Families with Dependent Children program as it existed on July 16, 1996, including the rule allowing a temporary excess of hours due to intermittent work.

(2) (A) The total net nonexempt earned income for the family is not more than 100 percent of the federal poverty level as most recently calculated by the federal government. The department may adopt additional deductions to be taken from a family's income.

(B) By March 1, 2003, the department shall submit a state plan amendment basing the definition of unemployment under this paragraph on the net nonexempt earned income of the principal wage earner only, and increasing the income level to 100 percent of the federal poverty level as applied only to the principal wage earner for the family. The department shall implement this definition of unemployment on the first day of the month following the second month after federal approval of the state plan amendment is received.

(C) Implementation of subparagraph (B) shall be contingent upon receipt of approval of the State Child Health Insurance Program waiver described in subdivision (b) of Section 12693.755 of the Insurance Code.

(3) The parent is considered unemployed under the terms of an existing federal waiver of the 100-hour rule for recipients under the program established by Section 1931(b) of the federal Social Security Act (42 U.S.C. Sec. 1396u-1).

(b) Notwithstanding Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, the department shall implement this section by means of an all county letter or similar instruction without taking regulatory action. Thereafter, the department shall adopt regulations in accordance with the requirements of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.



(c) This section shall become operative March 1, 2000.

SEC. 3. Section 14011 of the Welfare and Institutions Code is amended to read:

14011. (a) Each applicant who is not a recipient of aid under the provisions of Chapter 2 (commencing with Section 11200) or Chapter 3 (commencing with Section 12000) shall be required to file an affirmation setting forth such facts about his annual income and other resources and qualifications for eligibility as may be required by the department. Such statements shall be on forms prescribed by the department.

(b) To the extent permitted by federal law, eligibility for medical assistance for such applicants shall not be granted until the applicant or designated representative provides independent documentation verifying statements of gross income by type and source; income amounts withheld for taxes, health care benefits available through employment, retirement, military service, work related injuries or settlements from prior injuries, employee retirement contributions, and other employee benefit contributions, deductible expenses for maintenance or improvement of income-producing property and status and value of property owned, other than property exempt under Section 14006. The director may prescribe those items of exempt property which the director deems should be verified as to status and value in order to reasonably assure a correct designation of those items as exempt.

(c) The verification requirements of subdivision (b) apply to income, income deductions and property both of applicants for medical assistance (other than applicants for public assistance) and to persons whose income, income deductions, expenses or property holdings must be considered in determining the applicant's eligibility and share of cost.

(d) A determination of eligibility and share of cost may be extended beyond otherwise prescribed timeframes if, in the county department's judgment, and subject to standards of the director, the applicant or designated representative has good cause for failure to provide the required verification and continues to make a good faith effort to provide such verification.

(e) To the extent permitted by federal law, in addition to the other verification requirements of this section, a county department may require verification of any other applicant



statements, or conduct a full and complete investigation of the statements, whenever a verification or investigation is warranted in the judgment of the county department.

(f) If documentation is unavailable, as defined in regulations promulgated by the department, the applicant's signed statement as to the value or amount shall be deemed to constitute verification.

(g) This section shall become inoperative on the first day the State Children's Health Insurance Program waiver described in Section 12693.755 of the Insurance Code is implemented, and, as of January 1 of the first calendar year following that date, is repealed.

SEC. 3.5. Section 14011 is added to the Welfare and Institutions Code, to read:

14011. (a) Each applicant who is not a recipient of aid under the provisions of Chapter 2 (commencing with Section 11200) or Chapter 3 (commencing with Section 12000) shall be required to file an affirmation, signed under penalty of perjury, setting forth any facts about his or her annual income and other resources and qualifications for eligibility as may be required by the department. The statements shall be on forms prescribed by the department.

(b) Subject to subdivisions (g), (h), and (i), the department shall require applicants and recipients to provide independent documentation that they meet the qualifications for eligibility only to the extent required by federal law.

(c) The verification requirements of subdivision (b) apply to income, income deductions and property both of applicants for medical assistance (other than applicants for public assistance) and to persons whose income, income deductions, expenses or property holdings shall be considered in determining the applicant's eligibility and share of cost.

(d) A determination of eligibility and share of cost may be extended beyond otherwise prescribed timeframes if, in the county department's judgment, and subject to standards of the director, the applicant or designated representative has good cause for failure to provide the required verification and continues to make a good faith effort to provide the verification.

(e) To the extent permitted by federal law, in addition to the other verification requirements of this section, a county department may require verification of any other applicant statements, or conduct a full and complete investigation of the



statements, whenever a verification or investigation is warranted in the judgment of the county department.

(f) If documentation is unavailable, as defined in regulations promulgated by the department, the applicant's signed statement as to the value or amount shall be deemed to constitute verification.

(g) Nothing in this section shall affect the department's authority to verify eligibility through the Income Eligibility Verification System match mandated by Section 1137 of the federal Social Security Act (42 U.S.C. Sec. 1320b-7), to conduct a paperless posteligibility random sampling, or to develop a medicaid eligibility quality control pilot program to conduct focused paperless reviews to evaluate the impact of eliminating or reducing documentation and verification requirements on proper eligibility determinations.

(h) The department shall target the use of the data produced by the Income Eligibility Verification System in ways that are most cost-effective and beneficial, as provided in Section 435.953 of Title 42 of the Code of Federal Regulations.

(i) No later than three months after the waiver described in subdivision (b) of Section 12693.755 of the Insurance Code is implemented, the department shall develop and submit for approval by the Secretary of the United States Department of Health and Human Services a plan listing categories of information items to be excluded from followup pursuant to Section 15804.4 of the State Medicaid Manual. This plan shall be developed in consultation with school districts, consumer advocates, representatives from county welfare departments, and other stakeholders.

(j) This section shall become operative on the first day the State Child Health Insurance Program waiver described in Section 12693.755 of the Insurance Code is implemented.

SEC. 4. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution for certain costs that may be incurred by a local agency or school district because in that regard this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.



However, notwithstanding Section 17610 of the Government Code, if the Commission on State Mandates determines that this act contains other costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code. If the statewide cost of the claim for reimbursement does not exceed one million dollars (\$1,000,000), reimbursement shall be made from the State Mandates Claims Fund.



Approved _____, 2002

Governor

