

Introduced by Senator Migden

December 6, 2004

An act to amend Sections 12693.29 and 12693.43 of, and to add Section 12693.335 to, the Insurance Code, and to add Article 7.5 (commencing with Section 1120) to Chapter 4 of Part 1 of Division 1 of the Unemployment Insurance Code, relating to childrens' health insurance.

LEGISLATIVE COUNSEL'S DIGEST

SB 23, as introduced, Migden. Healthy Families Program and Medi-Cal.

Existing law requires the Employment Development Department to administer the unemployment compensation system, under which employers pay contributions to the department to fund the system. The department also collects other amounts from employers, including remittances of personal income taxes withheld by employers from employees.

Existing law also provides that specified duties be performed by the State Department of Health Services, including those associated with the administration of the Medi-Cal 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 limited gross household income. Existing law requires families with children participating in the program to pay specified family contribution amounts.

This bill would require the board to develop an informational document that may be referred to as the "Healthy Families/Medi-Cal Workplace Notice," containing certain information about the Healthy Families Program and Medi-Cal. The bill would require the

Employment Development Department to notify employers, as specified, who would be required to provide the notice to their employees. This bill would also require the board to establish processes that would allow an employer to elect to allow employees to have the family contribution payments for health care coverage under the Healthy Families Program deducted from the employee's pay and transmitted to the board by the employer, or to have the contribution payments transferred from a designated financial institution to the board.

The bill would also require the department to enter into an interagency agreement with the board to implement these provisions and to enter into an interagency agreement with the board, in collaboration with the State Department of Health Services, to pursue outreach and marketing activities to encourage participation in the Healthy Families Program and Medi-Cal. This bill would require the State Department of Health Services to provide information about the Healthy Families Program to persons who request it.

The bill would require the board and the State Department of Health Services annually through December 31, 2007, to evaluate jointly the effectiveness of outreach and marketing efforts directed at increasing enrollment in the Healthy Families Program and Medi-Cal, and to report to the Legislature.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

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

1 SECTION 1. Section 12693.29 of the Insurance Code is
2 amended to read:
3 12693.29. (a) The board shall use appropriate and efficient
4 means to notify families of the availability of health coverage
5 from the program.
6 (b) The State Department of Health Services in conjunction
7 with the board shall conduct a community outreach and
8 education campaign in accordance with Section 14067 of the
9 Welfare and Institutions Code to assist in notifying families of
10 the availability of health coverage for their children.
11 (c) The board shall use appropriate materials, which may
12 include brochures, pamphlets, fliers, posters, and other

1 promotional items, to notify families of the availability of
2 coverage through the program.

3 *(d) The board, in collaboration with the State Department of*
4 *Health Services, shall enter into an interagency agreement with*
5 *the Employment Development Department to pursue outreach*
6 *and marketing activities designed to encourage participation by*
7 *eligible persons in the Healthy Families Program and Medi-Cal.*
8 *This interagency agreement shall include outreach activities*
9 *required under Article 7.5 (commencing with Section 1120) of*
10 *Chapter 4 of Part 1 of Division 1 of the Unemployment Insurance*
11 *Code and, if feasible, outreach and marketing activities to*
12 *persons who are receiving either unemployment insurance or*
13 *unemployment compensation disability benefits and to persons*
14 *who are receiving job services from One-Stop Career Centers*
15 *established through the federal Workforce Investment Act of*
16 *1998 or from other similar agencies.*

17 *(e) The State Department of Health Services shall send each*
18 *person who requests it information about enrollment in the*
19 *program and any other information requested by the person.*

20 SEC. 2. Section 12693.335 is added to the Insurance Code, to
21 read:

22 12693.335. (a) The board shall develop an informational
23 document that California employers shall provide to their
24 employees.

25 (b) This informational document shall contain the following:

26 (1) A notification to employees of the availability of health
27 coverage through the Healthy Families Program and Medi-Cal.

28 (2) A description of the method by which to obtain additional
29 information about the program as well as application materials
30 and enrollment instructions for the program.

31 (3) A description of all of the billing and payment options
32 available to employees, including, but not limited to, an
33 employer's option of paying an employees' family contribution
34 through a payroll deduction process provided in paragraph (1) of
35 subdivision (i) of Section 12693.43.

36 (c) The informational document shall be in a form that is
37 easily duplicated by employers.

38 (d) (1) The board shall make the informational document
39 available on the Internet to all employers who are registered with
40 the Employment Development Department on December 31,

1 2005. The board shall distribute this document by mail to any
2 employer who requests the document.

3 (2) The board shall distribute this document to each employer
4 who registers with the Employment Development Department
5 after December 31, 2005, within 90 days of the registration date.
6 No employer who registers with the department after December
7 31, 2005, shall be required to distribute the notice until the notice
8 is received from the department.

9 (3) The document shall be posted on the Internet in a format
10 that is easily downloaded in PDF format, text format, and other
11 formats used for that purpose.

12 (e) The informational document may be referred to as the
13 “Healthy Families/Medi-Cal Workplace Notice.”

14 SEC. 3. Section 12693.43 of the Insurance Code is amended
15 to read:

16 12693.43. (a) Applicants applying to the purchasing pool
17 shall agree to pay family contributions, unless the applicant has a
18 family contribution sponsor. Family contribution amounts consist
19 of the following two components:

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

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

25 (b) In each geographic area, the board shall designate one or
26 more Family Value Packages for which the required total family
27 contribution is:

28 (1) Seven dollars (\$7) per child with a maximum required
29 contribution of fourteen dollars (\$14) per month per family for
30 applicants with annual household incomes up to and including
31 150 percent of the federal poverty level.

32 (2) Nine dollars (\$9) per child with a maximum required
33 contribution of twenty-seven dollars (\$27) per month per family
34 for applicants with annual household incomes greater than 150
35 percent and up to and including 200 percent of the federal
36 poverty level and for applicants on behalf of children described
37 in clause (ii) of subparagraph (A) of paragraph (6) of subdivision
38 (a) of Section 12693.70.

39 (3) On and after July 1, 2005, fifteen dollars (\$15) per child
40 with a maximum required contribution of forty-five dollars (\$45)

1 per month per family for applicants with annual household
2 income to which subparagraph (B) of paragraph (6) of
3 subdivision (a) of Section 12693.70 is applicable.
4 Notwithstanding any other provision of law, if an application
5 with an effective date prior to July 1, 2005, was based on annual
6 household income to which subparagraph (B) of paragraph (6) of
7 subdivision (a) of Section 12693.70 is applicable, then this
8 subparagraph shall be applicable to the applicant on July 1, 2005,
9 unless subparagraph (B) of paragraph (6) of subdivision (a) of
10 Section 12693.70 is no longer applicable to the relevant family
11 income. The program shall provide prior notice to any applicant
12 for currently enrolled subscribers whose premium will increase
13 on July 1, 2005, pursuant to this subparagraph and, prior to the
14 date the premium increase takes effect, shall provide that
15 applicant with an opportunity to demonstrate that subparagraph
16 (B) of paragraph (6) of subdivision (a) of Section 12693.70 is no
17 longer applicable to the relevant family income.

18 (c) Combinations of health, dental, and vision plans that are
19 more expensive to the program than the highest cost Family
20 Value Package may be offered to and selected by applicants.
21 However, the cost to the program of those combinations that
22 exceeds the price to the program of the highest cost Family Value
23 Package shall be paid by the applicant as part of the family
24 contribution.

25 (d) The board shall provide a family contribution discount to
26 those applicants who select the health plan in a geographic area
27 that has been designated as the Community Provider Plan. The
28 discount shall reduce the portion of the family contribution
29 described in subdivision (b) to the following:

30 (1) A family contribution of four dollars (\$4) per child with a
31 maximum required contribution of eight dollars (\$8) per month
32 per family for applicants with annual household incomes up to
33 and including 150 percent of the federal poverty level.

34 (2) Six dollars (\$6) per child with a maximum required
35 contribution of eighteen dollars (\$18) per month per family for
36 applicants with annual household incomes greater than 150
37 percent and up to and including 200 percent of the federal
38 poverty level and for applicants on behalf of children described
39 in clause (ii) of subparagraph (A) of paragraph (6) of subdivision
40 (a) of Section 12693.70.

1 (3) On and after July 1, 2005, twelve dollars (\$12) per child
2 with a maximum required contribution of thirty-six dollars (\$36)
3 per month per family for applicants with annual household
4 income to which subparagraph (B) of paragraph (6) of
5 subdivision (a) of Section 12693.70 is applicable.
6 Notwithstanding any other provision of law, if an application
7 with an effective date prior to July 1, 2005, was based on annual
8 household income to which subparagraph (B) of paragraph (6) of
9 subdivision (a) of Section 12693.70 is applicable, then this
10 subparagraph shall be applicable to the applicant on July 1, 2005,
11 unless subparagraph (B) of paragraph (6) of subdivision (a) of
12 Section 12693.70 is no longer applicable to the relevant family
13 income. The program shall provide prior notice to any applicant
14 for currently enrolled subscribers whose premium will increase
15 on July 1, 2005, pursuant to this subparagraph and, prior to the
16 date the premium increase takes effect, shall provide that
17 applicant with an opportunity to demonstrate that subparagraph
18 (B) of paragraph (6) of subdivision (a) of Section 12693.70 is no
19 longer applicable to the relevant family income.

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

24 (f) Applicants, but not family contribution sponsors, who pay
25 the required family contributions by an approved means of
26 electronic fund transfer shall receive a 25-percent discount from
27 the required family contributions.

28 (g) It is the intent of the Legislature that the family
29 contribution amounts described in this section comply with the
30 premium cost sharing limits contained in Section 2103 of Title
31 XXI of the Social Security Act. If the amounts described in
32 subdivision (a) are not approved by the federal government, the
33 board may adjust these amounts to the extent required to achieve
34 approval of the state plan.

35 (h) The adoption and one readoption of regulations to
36 implement paragraph (3) of subdivision (b) and paragraph (3) of
37 subdivision (d) shall be deemed to be an emergency and
38 necessary for the immediate preservation of public peace, health,
39 and safety, or general welfare for purposes of Sections 11346.1
40 and 11349.6 of the Government Code, and the board is hereby

1 exempted from the requirement that it describe specific facts
2 showing the need for immediate action and from review by the
3 Office of Administrative Law. For purpose of subdivision (e) of
4 Section 11346.1 of the Government code, the 120-day period, as
5 applicable to the effective period of an emergency regulatory
6 action and submission of specified materials to the Office of
7 Administrative law, is hereby extended to 180 days.

8 *(i) (1) The board shall establish a process by which family*
9 *contributions that are deducted from an applicants' pay are*
10 *transmitted by the employer to the board. An employer shall not*
11 *be required to make those payroll deductions.*

12 *(2) The board shall also establish a process by which family*
13 *contributions may be transferred to the board through electronic*
14 *funds transfer, or any other mechanism available that would*
15 *facilitate the payment of family contributions, from a financial*
16 *institution designated by the applicant.*

17 SEC. 4. Article 7.5 (commencing with Section 1120) is added
18 to Chapter 4 of Part 1 of Division 1 of the Unemployment
19 Insurance Code, to read:

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21 Article 7.5. Healthy Families Program and Medi-Cal

22

23 1120. (a) (1) An employer shall provide the Healthy
24 Families/Medi-Cal Workplace Notice to each person who is
25 employed by the employer within 90 days after the date that the
26 Managed Risk Medical Insurance Board makes the document
27 available on the Internet. However, an employer shall not be
28 required to provide the notice prior to March 31, 2006.

29 (2) An employer may comply with the requirements of
30 paragraph (1) by providing, on and after March 31, 2006, the
31 Healthy Families/Medi-Cal Workplace Notice to employees
32 within 10 days of their hiring or with the first itemized wage
33 statement furnished pursuant to Section 226 of the Labor Code.

34 (b) For employees who do not receive a Healthy
35 Families/Medi-Cal Workplace Notice pursuant to subdivision (a)
36 because the employee was hired after notice was provided to
37 other employees, an employer shall provide the Healthy
38 Families/Medi-Cal Workplace Notice to the employee within 10
39 days of the date that his or her employment commences.

1 1121. (a) The department shall notify employers registered
2 with the department on December 31, 2005, of the requirements
3 of Section 1120. This notice may be provided in the departments'
4 "California Employer" quarterly newsletter or other means used
5 by the department to clearly, effectively, and concisely
6 communicate with all employers in a form that any reasonable
7 business person would know where to look for the information.
8 This notice shall include the following clear and concise
9 information:

10 (1) The Internet Web site at which employers may obtain the
11 Healthy Families/Medi-Cal Workplace Notice.

12 (2) The telephone number to call to obtain the Healthy
13 Families/Medi-Cal Workplace Notice.

14 (3) A statement that employers may not discontinue existing
15 health care coverage for their employees to take advantage of the
16 coverage offered under the Healthy Families Program and
17 Medi-Cal.

18 (b) The department shall notify employers who register with
19 the department after December 31, 2005, of the requirements of
20 Section 1120. This notice shall provide the same information
21 required to be provided in subdivision (a).

22 1122. The department shall enter into an interagency
23 agreement with the Managed Risk Medical Insurance Board in
24 collaboration with the State Department of Health Services to
25 implement this article and the related provisions of the Insurance
26 Code pertaining to the Healthy Families Program and Medi-Cal.
27 The department may distribute information on behalf of the
28 board if it is determined by both agencies to be the most
29 cost-effective method of distribution.

30 SEC. 5. The Managed Risk Medical Insurance Board and the
31 State Department of Health Services, in cooperation with the
32 Employment Development Department, shall, annually through
33 December 31, 2007, jointly evaluate the effectiveness of the
34 marketing and information programs implemented through
35 employers that are created by this act and the marketing efforts
36 directed at beneficiaries' families, relative to the Healthy
37 Families Program and Medi-Cal. The board and the state
38 department shall assess the relative costs and effectiveness of
39 marketing to beneficiaries and to employers, and shall provide a
40 written report to the Legislature that evaluates the effectiveness

1 of this outreach effort. This report shall be submitted as part of
2 the annual outreach plan submitted to the Legislature under
3 subdivision (b) of Section 14067 of the Welfare and Institutions
4 Code on April 1, 2006, and April 1, 2007.

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