

AMENDED IN ASSEMBLY MARCH 29, 2007

CALIFORNIA LEGISLATURE—2007—08 REGULAR SESSION

ASSEMBLY BILL

No. 1

**Introduced by Assembly Member ~~Dymally~~ Members Laird and
Dymally**
(Principal coauthor: Senator Steinberg)
(Coauthor: Assembly Member Wolk)

December 4, 2006

~~An act to amend Section 49557.2 of the Education Code, to amend Section 123290 of the Health and Safety Code, to amend Sections 12693.43, 12693.73, 12693.98, and 12693.981 of, to add Sections 12693.22, 12693.415, 12693.445, 12693.702, 12693.983, and 12693.984 to, and to add Chapter 17 (commencing with Section 12693.99) to Part 6.2 of Division 2 of, the Insurance Code, and to amend Sections 14005.23, 14005.41, 14011.65, 14154, and 18925 of, and to add Sections 14005.43, 14005.71, and 14013.5 to, the Welfare and Institutions Code, An act to amend Sections 12693.43, 12693.70, and 12693.73 of, to amend and repeal Section 12693.981 of, to add Sections 12693.55, 12693.56, 12693.57, 12693.701, 12693.981a, and 12693.983 to, and to add Chapter 16.2 (commencing with Section 12694.1) to Part 6.2 of Division 2 of, the Insurance Code, and to amend Section 14005.23 of, and to add Sections 14005.26, 14011.01, and 14011.61 to, the Welfare and Institutions Code, relating to health care coverage.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 1, as amended, ~~Dymally~~ *Laird*. ~~California Healthy Children Insurance Program~~. *Health care coverage.*

(1) Existing law establishes various public programs to provide health care coverage to eligible children, including the Medi-Cal program

administered by the State Department of Health Care Services and county welfare agencies, and the Healthy Families Program administered by the Managed Risk Medical Insurance Board. Children through 18 years of age are eligible for health care coverage under these programs if they meet certain household income and other requirements. Existing law authorizes information sharing with respect to children eligible for free school lunches in order to facilitate their enrollment in the health care programs *criteria, including specified citizenship and immigration status requirements. Under existing law, the applicant's signed statement as to the value or amount of income is accepted for eligibility purposes under the Healthy Families Program if documentation cannot otherwise be provided.*

This bill would create the California Healthy Children Insurance Program, which would consist of the portion of the Medi-Cal program that provides health care coverage to children and the Healthy Families Program. The bill would require that the California Healthy Children Insurance Program be operated as a joint partnership by the State Department of Health Care Services and the Managed Risk Medical Insurance Board in a streamlined manner, with eligible children to be enrolled in one program or the other, as appropriate. The bill would accelerate the process for making eligibility determinations for the California Healthy Children Insurance Program by authorizing the administering agencies to rely on income eligibility determinations made by other public assistance programs, including reduced price school lunch programs, the California Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), and the Food Stamp Program. The bill would require the administering agencies to request documentation and verify information only to the extent necessary to determine eligibility and as required by federal law. The bill would provide simplified annual renewals of eligibility by self-certification by recipients. The bill would expand eligibility for the *Medi-Cal program and would expand eligibility for the Healthy Families Program and the Healthy Families Program element of the California Healthy Children Insurance Program* by allowing children with family incomes up to *at or below 300%* of the federal poverty level to qualify *for the program* and by otherwise liberalizing enrollment requirements. The bill would enact certain privacy and confidentiality provisions relative to Healthy Families Program applicants and enrollees. The bill would create the California Healthy Children Expert Panel to advise the administering agencies on various matters. The bill would require the

~~administering agencies to award local enrollment investment grants from available funds to local and regional children's health initiative activities designed to increase and retain the enrollment of children in health care coverage. The bill would require the Secretary of the California Health and Human Services Agency to coordinate local children's health insurance programs with certain state and federally funded programs. The bill would require the Managed Risk Medical Insurance Board to undertake pilot demonstration projects to test strategies and gather data relative to increasing health care coverage for uninsured children in families with incomes above 300% of the federal poverty level. The bill would require the board to develop materials for distribution by state agencies to small business employers regarding availability of purchasing pool coverage. The bill would require the California Health and Human Services Agency in conjunction with the Secretary of Labor and Workforce Development and the Secretary of Business, Transportation and Housing to establish a task force relative to increasing employer health care coverage of children.~~ *would delete the specified citizenship and immigration status requirements. The bill would accept the applicant's signature on the application for the Healthy Families Program as verification of the value or amount of income for purposes of establishing eligibility for the program. The bill would create the Healthy Families Buy-In Program that would be administered by the Managed Risk Medical Insurance Board and would make the coverage provided under the Healthy Families Program available to children whose household income exceeds 300% of the federal poverty level and who meet other specified criteria. The bill would specify the family contribution required for children enrolled in the buy-in program. The bill would also make various related modifications to the Medi-Cal program and the Healthy Families Program. The bill would enact related provisions and state the intent of the Legislature relative to certain other provisions, and would provide for a phase-in of its provisions over several years. Because the expansion of and modifications to the Medi-Cal program would impose certain duties on counties relative to administration of that program, the bill would impose a state-mandated local program. The bill would require the Managed Risk Medical Insurance Board and the State Department of Health Care Services to take specified actions to improve and coordinate the application and enrollment processes for the Medi-Cal program and the Healthy Families Program and to develop*

a process to transition the enrollment of children from local children's health initiatives into those programs.

~~(2) Existing law establishes the Medi-Cal-to-Healthy Families Bridge Benefits Program, which is administered by the Managed Risk Medical Insurance Board as part of the Healthy Families Program. Under existing law, the Medi-Cal-to-Healthy Families Bridge Benefits Program, until the Healthy Families Presumptive Eligibility Program is implemented, provides a child who meets specified eligibility requirements, including having a family income at or below 200% of the poverty level, one calendar month of health care benefits in order to provide the child with the opportunity to apply for the Healthy Families Program.~~

~~This bill would instead establish the Medi-Cal-to-Healthy Families Seamless Bridge Benefits Program, which, until the Healthy Families Presumptive Eligibility Program is implemented, would provide a child who meets specified eligibility requirements, including having a family income at or below 300% of the poverty level, continuing health care benefits until the board determines the child's eligibility for the Healthy Families Program. This bill would require the board to either enroll the child in the Healthy Families Program with no interruption in coverage or terminate the child's seamless bridge benefits in accordance with due process requirements.~~

~~(3)~~

~~(2) Existing law establishes the Healthy Families-to-Medi-Cal Bridge Benefits Program to provide any person enrolled for coverage under the Healthy Families Program who meets certain criteria, as specified, with 2 calendar months of health care benefits in order to provide the person with the opportunity to apply for the Medi-Cal program.~~

~~This bill would instead establish the Healthy Families-to-Medi-Cal Seamless Bridge Benefits Program to provide any person enrolled for coverage under the Healthy Families Program a child who meets certain criteria, as specified, with continuing health care presumptive eligibility benefits identical to the full scope of benefits with no share of cost provided under the Medi-Cal program until a Medi-Cal eligibility determination is made, at which point either the person child would be enrolled in the Medi-Cal program with no interruption in coverage or the seamless bridge presumptive eligibility benefits would terminate in accordance with due process requirements. The bill would require the Managed Risk Medical Insurance Board to execute a declaration upon implementation of this~~

program and would make the Healthy Families-to-Medi-Cal Bridge Benefits Program inoperative as of the date of that declaration.

(4)

(3) Existing law requires the state to administer, to the extent allowed under federal law, and only if federal financial participation is available, ~~the Medi-Cal to Healthy Families Accelerated Enrollment~~ a program; to provide a child who meets specified eligibility requirements, including the income requirements of the Healthy Families Program, with ~~temporary health~~ *benefits identical to full scope benefits under the Medi-Cal program with no share of cost* for the period during which the child has an application pending for coverage under the Healthy Families Program.

This bill would ~~revise the eligibility requirements for that Accelerated Enrollment program, as specified~~ *establish, to the extent allowed by federal law and to the extent federal financial participation is available, the Medi-Cal Presumptive Eligibility Program that would provide a child who meets specified eligibility requirements with presumptive eligibility benefits identical to full scope benefits under the Medi-Cal program with no share of cost until the child is found eligible for the Medi-Cal program or for the Healthy Families Program or is found ineligible for either of those programs.*

(5)

(4) Existing law creates the Healthy Families Fund, and provides that money in the fund is continuously appropriated for purposes of the Healthy Families Program.

This bill would provide that the Managed Risk Medical Insurance Board may implement the provisions of the bill *expanding the Healthy Families Program* only to the extent that funds are appropriated for ~~the~~ *those purposes of the bill* in the annual Budget Act or in another statute.

(6)

(5) 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.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

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

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

1 *SECTION 1. It is the intent of the Legislature to accomplish*
2 *the following:*

3 *(a) Allow all children, from birth to 19 years of age, living in*
4 *California to have access to affordable, comprehensive health*
5 *care coverage.*

6 *(b) Build upon the successful aspects of California's publicly*
7 *funded state health care coverage programs, the Healthy Families*
8 *Program and the Medi-Cal program, and improve their operations,*
9 *including modernizing and simplifying the processes of enrolling*
10 *all eligible children in coverage and maintaining their enrollment*
11 *in the programs.*

12 *(c) Build upon the lessons and successes of local children's*
13 *health initiatives.*

14 *(d) Support coverage for children currently enrolled in local*
15 *children's health initiatives until the expansion of the statewide*
16 *program is fully implemented and provide for a smooth transition*
17 *for these children into the Healthy Families Program and the*
18 *Medi-Cal program.*

19 *(e) Ensure sustainable financing that supports the statewide*
20 *programs over the long term, including maximizing federal funding*
21 *for those programs.*

22 *SEC. 2. Section 12693.43 of the Insurance Code is amended*
23 *to read:*

24 12693.43. (a) Applicants applying to the purchasing pool shall
25 agree to pay family contributions, unless the applicant has a family
26 contribution sponsor. Family contribution amounts consist of the
27 following two components:

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

29 (2) Any amounts that are charged to the program by participating
30 health, dental, and vision plans selected by the applicant that exceed
31 the cost to the program of the highest cost ~~Family Value Package~~
32 *family value package* in a given geographic area.

33 (b) In each geographic area, the board shall designate one or
34 more ~~Family Value Packages~~ *family value packages* for which the
35 required total family contribution is:

36 (1) Seven dollars (\$7) per child with a maximum required
37 contribution of fourteen dollars (\$14) per month per family for

1 applicants with annual household incomes up to and including 150
2 percent of the federal poverty level.

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

10 (3) On and after July 1, 2005, fifteen dollars (\$15) per child
11 with a maximum required contribution of forty-five dollars (\$45)
12 per month per family for applicants with annual household income
13 to which subparagraph (B) of paragraph (6) of subdivision (a) of
14 Section 12693.70 is applicable. Notwithstanding any other
15 provision of law, if an application with an effective date prior to
16 July 1, 2005, was based on annual household income to which
17 subparagraph (B) of paragraph (6) of subdivision (a) of Section
18 12693.70 is applicable, then this subparagraph shall be applicable
19 to the applicant on July 1, 2005, unless subparagraph (B) of
20 paragraph (6) of subdivision (a) of Section 12693.70 is no longer
21 applicable to the relevant family income. The program shall provide
22 prior notice to any applicant for currently enrolled subscribers
23 whose premium will increase on July 1, 2005, pursuant to this
24 subparagraph and, prior to the date the premium increase takes
25 effect, shall provide that applicant with an opportunity to
26 demonstrate that subparagraph (B) of paragraph (6) of subdivision
27 (a) of Section 12693.70 is no longer applicable to the relevant
28 family income greater than 200 percent and up to and including
29 250 percent of the federal poverty level.

30 (4) *Twenty-two dollars and fifty cents (\$22.50) per child with*
31 *a maximum required contribution of sixty-seven dollars and fifty*
32 *cents (\$67.50) per month per family for applicants with an annual*
33 *household income greater than 250 percent and up to and including*
34 *300 percent of the federal poverty level.*

35 (c) Combinations of health, dental, and vision plans that are
36 more expensive to the program than the highest cost ~~Family Value~~
37 ~~Package~~ *family value package* may be offered to and selected by
38 applicants. However, the cost to the program of those combinations
39 that exceeds the price to the program of the highest cost ~~Family~~

1 ~~Value Package~~ *family value package* shall be paid by the applicant
2 as part of the family contribution.

3 (d) The board shall provide a family contribution discount to
4 those applicants who select the health plan in a geographic area
5 that has been designated as the Community Provider Plan. The
6 discount shall reduce the portion of the family contribution
7 described in subdivision (b) to the following:

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

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

19 (3) On and after July 1, 2005, twelve dollars (\$12) per child
20 with a maximum required contribution of thirty-six dollars (\$36)
21 per month per family for applicants with annual household income
22 to which subparagraph (B) of paragraph (6) of subdivision (a) of
23 Section 12693.70 is applicable. Notwithstanding any other
24 provision of law, if an application with an effective date prior to
25 July 1, 2005, was based on annual household income to which
26 subparagraph (B) of paragraph (6) of subdivision (a) of Section
27 12693.70 is applicable, then this subparagraph shall be applicable
28 to the applicant on July 1, 2005, unless subparagraph (B) of
29 paragraph (6) of subdivision (a) of Section 12693.70 is no longer
30 applicable to the relevant family income. The program shall provide
31 prior notice to any applicant for currently enrolled subscribers
32 whose premium will increase on July 1, 2005, pursuant to this
33 subparagraph and, prior to the date the premium increase takes
34 effect, shall provide that applicant with an opportunity to
35 demonstrate that subparagraph (B) of paragraph (6) of subdivision
36 (a) of Section 12693.70 is no longer applicable to the relevant
37 family income greater than 200 percent and up to and including
38 250 percent of the federal poverty level.

39 (4) Twelve dollars (\$12) per child with a maximum required
40 contribution of thirty-six dollars (\$36) per month per family for

1 *applicants with an annual household income greater than 250*
2 *percent and up to and including 300 percent of the federal poverty*
3 *level.*

4 (e) Applicants, but not family contribution sponsors, who pay
5 three months of required family contributions in advance shall
6 receive the fourth consecutive month of coverage with no family
7 contribution required.

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

12 (g) It is the intent of the Legislature that the family contribution
13 amounts described in this section comply with the premium cost
14 sharing limits contained in Section 2103 of Title XXI of the Social
15 Security Act. If the amounts described in subdivision (a) are not
16 approved by the federal government, the board may adjust these
17 amounts to the extent required to achieve approval of the state
18 plan.

19 (h) The adoption and one readoption of regulations to implement
20 paragraph (3) of subdivision (b) and paragraph (3) of subdivision
21 (d) shall be deemed to be an emergency and necessary for the
22 immediate preservation of public peace, health, and safety, or
23 general welfare for purposes of Sections 11346.1 and 11349.6 of
24 the Government Code, and the board is hereby exempted from the
25 requirement that it describe specific facts showing the need for
26 immediate action and from review by the Office of Administrative
27 Law. For ~~purpose~~ *purposes* of subdivision (e) of Section 11346.1
28 of the ~~Government Code~~ *Code*, the 120-day period, as applicable
29 to the effective period of an emergency regulatory action and
30 submission of specified materials to the Office of Administrative
31 ~~Law~~ *Law*, is hereby extended to 180 days.

32 *SEC. 3. Section 12693.55 is added to the Insurance Code, to*
33 *read:*

34 *12693.55. The board shall maximize federal matching funds*
35 *available under the program and implement strategies that*
36 *coordinate and integrate other programs that provide health care*
37 *coverage for children to maximize federal and state matching*
38 *funds.*

39 *SEC. 4. Section 12693.56 is added to the Insurance Code, to*
40 *read:*

1 12693.56. *The confidentiality and privacy protections of*
2 *Sections 10500 and 14100.2 of the Welfare and Institutions Code*
3 *shall apply to all children seeking, applying for, or enrolled in,*
4 *the program.*

5 SEC. 5. *Section 12693.57 is added to the Insurance Code, to*
6 *read:*

7 12693.57. *Upon implementation of Section 14005.26 of the*
8 *Welfare and Institutions Code and Section 12693.701, the board,*
9 *in consultation with the State Department of Health Care Services,*
10 *shall develop a process for the transition of eligible children from*
11 *local children's health initiatives to the Medi-Cal program and to*
12 *the Healthy Families Program. The process shall include, but not*
13 *be limited to, the following provisions:*

14 (a) *A child enrolled in comprehensive health care coverage*
15 *provided by a children's health initiative shall, upon his or her*
16 *annual renewal date, be automatically enrolled in the Medi-Cal*
17 *program or the Healthy Families Program, if an application is*
18 *made and the child is eligible for either program. The child shall*
19 *be enrolled in the same health plan that provided coverage to the*
20 *child under the local children's health initiative, if the health plan*
21 *is a participating plan in the Medi-Cal program or the Healthy*
22 *Families Program.*

23 (b) *For good cause, or upon the child's next annual renewal in*
24 *the Medi-Cal program or the Healthy Families Program, the child*
25 *shall change health plans or remain in the same health plan.*

26 SEC. 6. *Section 12693.70 of the Insurance Code is amended*
27 *to read:*

28 12693.70. *To be eligible to participate in the program, an*
29 *applicant shall meet all of the following requirements:*

30 (a) *Be an applicant applying on behalf of an eligible child, which*
31 *means a child who is all of the following:*

32 (1) *Less than 19 years of age. An application may be made on*
33 *behalf of a child not yet born up to three months prior to the*
34 *expected date of delivery. Coverage shall begin as soon as*
35 *administratively feasible, as determined by the board, after the*
36 *board receives notification of the birth. However, no child less*
37 *than 12 months of age shall be eligible for coverage until 90 days*
38 *after the enactment of the Budget Act of 1999.*

39 (2) *Not eligible for no-cost full-scope Medi-Cal or Medicare*
40 *coverage at the time of application.*

1 (3) In compliance with Sections 12693.71 and 12693.72.

2 (4) A child who meets citizenship and immigration status
3 requirements that are applicable to persons participating in the
4 program established by Title XXI of the Social Security Act, except
5 as specified in ~~Section~~ *Sections 12693.701 and 12693.76*.

6 (5) A resident of the State of California pursuant to Section 244
7 of the Government Code; or, if not a resident pursuant to Section
8 244 of the Government Code, is physically present in California
9 and entered the state with a job commitment or to seek
10 employment, whether or not employed at the time of application
11 to or after acceptance in, the program.

12 (6) (A) In either of the following:

13 (i) In a family with an annual or monthly household income
14 equal to or less than 200 percent of the federal poverty level.

15 (ii) When implemented by the board, subject to subdivision (b)
16 of Section 12693.765 and pursuant to this section, a child under
17 the age of two years who was delivered by a mother enrolled in
18 the Access for Infants and Mothers Program as described in Part
19 6.3 (commencing with Section 12695). Commencing July 1, 2007,
20 eligibility under this subparagraph shall not include infants during
21 any time they are enrolled in employer-sponsored health insurance
22 or are subject to an exclusion pursuant to Section 12693.71 or
23 12693.72, or are enrolled in the full scope of benefits under the
24 Medi-Cal program at no share of cost. For purposes of this clause,
25 any infant born to a woman whose enrollment in the Access for
26 Infants and Mothers Program begins after June 30, 2004, shall be
27 automatically enrolled in the Healthy Families Program, except
28 during any time on or after July 1, 2007, that the infant is enrolled
29 in employer-sponsored health insurance or is subject to an
30 exclusion pursuant to Section 12693.71 or 12693.72, or is enrolled
31 in the full scope of benefits under the Medi-Cal program at no
32 share of cost. Except as otherwise specified in this section, this
33 enrollment shall cover the first 12 months of the infant's life. At
34 the end of the 12 months, as a condition of continued eligibility,
35 the applicant shall provide income information. The infant shall
36 be disenrolled if the gross annual household income exceeds the
37 income eligibility standard that was in effect in the Access for
38 Infants and Mothers Program at the time the infant's mother
39 became eligible, or following the two-month period established
40 in Section 12693.981 *or the period established in Section*

1 12693.981a if the infant is eligible for Medi-Cal with no share of
2 cost. At the end of the second year, infants shall again be screened
3 for program eligibility pursuant to this section, with income
4 eligibility evaluated pursuant to clause (i), subparagraphs (B) and
5 (C), and paragraph (2) of subdivision (a).

6 (B) All income over 200 percent of the federal poverty level
7 but less than or equal to ~~250~~ 300 percent of the federal poverty
8 level shall be disregarded in calculating annual or monthly
9 household income.

10 (C) In a family with an annual or monthly household income
11 greater than ~~250~~ 300 percent of the federal poverty level, any
12 income deduction that is applicable to a child under Medi-Cal shall
13 be applied in determining the annual or monthly household income.
14 If the income deductions reduce the annual or monthly household
15 income to ~~250~~ 300 percent or less of the federal poverty level,
16 subparagraph (B) shall be applied.

17 (b) The applicant shall agree to remain in the program for six
18 months, unless other coverage is obtained and proof of the coverage
19 is provided to the program.

20 (c) An applicant shall enroll all of the applicant's eligible
21 children in the program.

22 (d) ~~In filing documentation providing information to meet~~
23 ~~program eligibility requirements, if the applicant's income~~
24 ~~documentation cannot be provided, as defined in regulations~~
25 ~~promulgated by the board, the applicant's signed statement as to~~
26 ~~the value or amount of income signature on the application shall~~
27 ~~be deemed to constitute verification of the applicant's value or~~
28 ~~amount of income.~~

29 (e) An applicant shall pay in full any family contributions owed
30 in arrears for any health, dental, or vision coverage provided by
31 the program within the prior 12 months.

32 (f) By January 2008, the board, in consultation with
33 stakeholders, shall implement processes by which applicants for
34 subscribers may certify income at the time of annual eligibility
35 review, including rules concerning which applicants shall be
36 permitted to certify income and the circumstances in which
37 supplemental information or documentation may be required. The
38 board may terminate using these processes not sooner than 90 days
39 after providing notification to the Chair of the Joint Legislative
40 Budget Committee. This notification shall articulate the specific

1 reasons for the termination and shall include all relevant data
2 elements that are applicable to document the reasons for the
3 termination. Upon the request of the Chair of the Joint Legislative
4 Budget Committee, the board shall promptly provide any additional
5 clarifying information regarding implementation of the processes
6 required by this subdivision.

7 *SEC. 7. Section 12693.701 is added to the Insurance Code, to*
8 *read:*

9 *12693.701. (a) Notwithstanding any other provision of law,*
10 *a child under 19 years of age who meets the state residency*
11 *requirements of the Medi-Cal program or the Healthy Families*
12 *Program shall be eligible for either the Medi-Cal program*
13 *(Chapter 7 (commencing with Section 14000) of Part 3 of Division*
14 *9 of the Welfare and Institutions Code) if he or she meets the*
15 *income and resource requirements of Section 14005.7 or 14005.30*
16 *of the Welfare and Institutions Code or the Healthy Families*
17 *Program if he or she lives in a family with a household income at*
18 *or below 300 percent of the federal poverty level, including for*
19 *both programs those children for whom federal financial*
20 *participation is not available under Title XIX of the federal Social*
21 *Security Act (42 U.S.C. Sec. 1396 et seq.), or under Title XXI of*
22 *the federal Social Security Act (42 U.S.C. Sec. 1397aa et seq.).*

23 *(b) A child described in subdivision (a) who is ineligible for the*
24 *full scope of benefits under the Medi-Cal program at no share of*
25 *cost because of his or her family's household income shall be*
26 *eligible for the Healthy Families Program if he or she is ineligible*
27 *for Medicare coverage and complies with Sections 12693.71 and*
28 *12693.72. A child's eligibility for the Healthy Families Program*
29 *pursuant to this section shall not affect that child's eligibility for*
30 *the Medi-Cal program with a share of cost in accordance with*
31 *Section 14005.7 of the Welfare and Institutions Code.*

32 *(c) Nothing in this section shall be construed to authorize the*
33 *denial of medical assistance under the Medi-Cal program (Chapter*
34 *7 (commencing with Section 14000) of Part 3 of Division 9 of the*
35 *Welfare and Institutions Code) to a child who, without the*
36 *application of this section, would qualify for that assistance or to*
37 *excuse the Medi-Cal program or the Healthy Families Program*
38 *of the obligation to determine eligibility on all other available*
39 *grounds.*

1 (d) The board shall implement this section, and children made
2 eligible for the program by this section shall be able to enroll in
3 the program, no later than January 1, 2008.

4 SEC. 8. Section 12693.73 of the Insurance Code is amended
5 to read:

6 12693.73. Notwithstanding any other provision of law, children
7 excluded from coverage under Title XXI of the Social Security
8 Act are not eligible for coverage under the program, except as
9 specified in clause (ii) of subparagraph (A) of paragraph (6) of
10 subdivision (a) of Section 12693.70 and ~~Section~~ in Sections
11 12693.701 and 12693.76.

12 SEC. 9. Section 12693.981 of the Insurance Code is amended
13 to read:

14 12693.981. (a) (1) The Healthy Families-to-Medi-Cal Bridge
15 Benefits Program is hereby established to provide any person
16 enrolled for coverage under this part who meets the criteria set
17 forth in subdivision (b) with a two calendar-month period of health
18 care benefits in order to provide the person with an opportunity to
19 apply for Medi-Cal.

20 (2) The Healthy Families-to-Medi-Cal Bridge Benefits Program
21 shall be administered by the board.

22 (b) (1) Any person who meets all of the following requirements
23 shall be eligible for two additional calendar months of Healthy
24 Families benefits:

25 (A) He or she has been receiving, but is no longer eligible for,
26 benefits under the program.

27 (B) He or she appears to be income eligible for full-scope
28 Medi-Cal benefits without a share of cost.

29 (2) The two additional calendar months of benefits under this
30 chapter shall begin on the first day of the month following the last
31 day of the person's eligibility for benefits under the program.

32 (c) The two-calendar-month period of Healthy Families benefits
33 provided under this chapter shall be identical to the scope of
34 benefits that the person was receiving under the program.

35 (d) Nothing in this section shall be construed to provide Healthy
36 Families benefits for more than a two calendar-month period under
37 any circumstances, including the failure to apply for benefits under
38 the Medi-Cal program or the failure to be made aware of the
39 availability of the Medi-Cal program unless the circumstances
40 described in subdivision (b) reoccur.

1 (e) This section shall become inoperative if an unappealable
2 court decision or judgment determines that any of the following
3 apply:

4 (1) The provisions of this section are unconstitutional under the
5 United States Constitution or the California Constitution.

6 (2) The provisions of this section do not comply with the State
7 Children’s Health Insurance Program, as set forth in Title XXI of
8 the federal Social Security Act.

9 (3) The provisions of this section require that the health care
10 benefits provided pursuant to this section are required to be
11 furnished for more than two calendar months.

12 (f) *This section shall become inoperative on the date that the*
13 *board executes a declaration stating that the implementation of*
14 *the Healthy Families to Medi-Cal Presumptive Eligibility Program*
15 *established pursuant to Section 12693.981a has commenced. As*
16 *of the next occurring January 1, this section is repealed, unless a*
17 *later enacted statute, enacted before that January 1 date, deletes*
18 *or extends the dates on which this section becomes inoperative*
19 *and is repealed.*

20 *SEC. 10. Section 12693.981a is added to the Insurance Code,*
21 *to read:*

22 *12693.981a. (a) The Healthy Families to Medi-Cal*
23 *Presumptive Eligibility Program is hereby established to provide*
24 *a child who meets the criteria set forth in subdivision (c) with*
25 *presumptive eligibility benefits until the child’s eligibility for full*
26 *scope Medi-Cal benefits with no share of cost has been determined.*

27 *(b) The Healthy Families to Medi-Cal Presumptive Eligibility*
28 *Program shall be administered by the board.*

29 *(c) A child who meets both of the following requirements shall*
30 *be eligible for presumptive eligibility benefits under the Healthy*
31 *Families to Medi-Cal Presumptive Eligibility Program:*

32 *(1) He or she has been receiving, but is no longer eligible for,*
33 *benefits under the Healthy Families Program.*

34 *(2) He or she otherwise appears to be income-eligible for*
35 *full-scope Medi-Cal benefits with no share of cost.*

36 *(d) The presumptive eligibility benefits under this section shall*
37 *begin on the first day of the month following the last day of the*
38 *child’s receipt of benefits under the Healthy Families Program.*
39 *Presumptive eligibility benefits under this section shall terminate*
40 *either at the end of the month during which a child’s effective date*

1 for benefits in the Medi-Cal program begins and the Medi-Cal
2 Benefits Identification Card has been issued and activated or at
3 the end of the month during which the county determines that the
4 child is not eligible for the Medi-Cal program. If the county
5 determines that the child is eligible for the Medi-Cal program, the
6 county shall enroll the child in the Medi-Cal program without an
7 interruption in coverage. If the county determines that the child
8 is ineligible for the Medi-Cal program, the county shall terminate
9 the child's benefits under the Healthy Families to Medi-Cal
10 Presumptive Eligibility Program in accordance with due process
11 requirements.

12 (e) The income methodology for determining a child's family
13 income for the purposes of the Healthy Families to Medi-Cal
14 Presumptive Eligibility Program, as required by subdivision (c),
15 shall be the same methodology used in determining a child's
16 eligibility for the full scope of Medi-Cal benefits.

17 (f) The scope of presumptive eligibility benefits provided under
18 the Healthy Families to Medi-Cal Presumptive Eligibility Program
19 shall be identical to the full scope of benefits under the Medi-Cal
20 program with no share of cost.

21 (g) No family contribution is required for a child receiving
22 presumptive eligibility benefits under the Healthy Families to
23 Medi-Cal Presumptive Eligibility Program.

24 (h) To the extent necessary and to the extent allowed by federal
25 law, the State Department of Health Care Services and the board
26 may exchange a child's case file solely for the purpose of
27 determining the child's eligibility for the Medi-Cal program or
28 the Healthy Families Program, without requiring the family's
29 consent. Any information, including the child's case file, shall be
30 kept confidential by the department and the board pursuant to
31 state and federal law, and it shall be used only for the
32 determination of, or continuation of eligibility for, the Medi-Cal
33 program or the Healthy Families Program.

34 (i) The board shall develop, in consultation with consumer
35 advocates and other stakeholders, a system for tracking cases
36 where children receive benefits under the Healthy Families to
37 Medi-Cal Presumptive Eligibility Program for more than two
38 months and for follow-up of those cases. The follow-up system
39 shall include the following activities to ensure that children in the
40 Healthy Families to Medi-Cal Presumptive Eligibility Program

1 are enrolled in a timely manner into the ongoing health care
2 benefits program for which they are eligible:

3 (1) The board shall identify those cases where children are
4 enrolled in the Healthy Families to Medi-Cal Presumptive
5 Eligibility Program for more than two months and determine the
6 status of each case, taking the necessary actions to complete the
7 eligibility determination process for each child to obtain the
8 ongoing health care benefits for which the child is eligible.

9 (2) If children in the Healthy Families to Medi-Cal Presumptive
10 Eligibility Program are not enrolled in full scope Medi-Cal with
11 no share of cost within two months of their enrollment date in the
12 Healthy Families to Medi-Cal Presumptive Eligibility Program,
13 the board shall contact the State Department of Health Care
14 Services or the county where the child resides in order to determine
15 the status of the child's application for, and enrollment in, the
16 Medi-Cal program. The board shall assist the department or county
17 and the family in enrolling the child in the program for which he
18 or she is eligible, which may include, but is not limited to, making
19 telephone calls and sending correspondence and providing
20 assistance to obtain necessary documentation.

21 (j) Notwithstanding Chapter 3.5 (commencing with Section
22 11340) of Part 1 of Division 3 of Title 2 of the Government Code,
23 the board shall implement this section by means of all-county
24 letters or similar instructions without taking any further regulatory
25 action. Thereafter, the board may adopt regulations, as necessary,
26 to implement this section in accordance with the requirements of
27 Chapter 3.5 (commencing with Section 11340) of Part 1 of Division
28 3 of Title 2 of the Government Code.

29 (k) Upon implementation of the Healthy Families to Medi-Cal
30 Presumptive Eligibility Program pursuant to this section, the board
31 shall execute a declaration, which it shall retain, stating that
32 implementation of the section has commenced.

33 SEC. 11. Section 12693.983 is added to the Insurance Code,
34 to read:

35 12693.983. (a) The board and the State Department of Health
36 Care Services shall monitor the Healthy Families Presumptive
37 Eligibility Program in Section 12693.98a and the Healthy Families
38 to Medi-Cal Presumptive Eligibility Program in Section
39 12693.981a in order to ensure that all children are enrolled in a

1 *timely manner in the presumptive eligibility benefits for which they*
2 *are eligible.*

3 *(b) The monitoring responsibilities required by this section shall*
4 *consist of the following activities:*

5 *(1) The board and the department shall collect the following*
6 *data on a monthly and annual basis:*

7 *(A) The number of children enrolled in the Healthy Families*
8 *Presumptive Eligibility Program and the number of children*
9 *enrolled in the Healthy Families to Medi-Cal Presumptive*
10 *Eligibility Program.*

11 *(B) The length of time these children were enrolled in each*
12 *program.*

13 *(C) The status of the children enrolled in each program,*
14 *including a status report for each child enrolled more than one*
15 *month in the Healthy Families Presumptive Eligibility Program*
16 *and more than two months in the Healthy Families to Medi-Cal*
17 *Presumptive Eligibility Program.*

18 *(2) The board and the department shall record all attempts to*
19 *assist the child to enroll in ongoing health benefits programs and*
20 *shall record the final disposition of the child's application for*
21 *continuing health coverage.*

22 *(c) The board and the department shall report to the Legislature*
23 *the data collected pursuant to subdivision (b) on a monthly and*
24 *annual basis.*

25 *SEC. 12. Chapter 16.2 (commencing with Section 12694.1) is*
26 *added to Part 6.2 of Division 2 of the Insurance Code, to read:*

27

28 *CHAPTER 16.2. HEALTHY FAMILIES BUY-IN PROGRAM*

29

30 *12694.1. On or after _____, the board shall implement the*
31 *Healthy Families Buy-In Program that shall be referred to as the*
32 *buy-in program for purposes of this chapter.*

33 *12694.2. A child under 19 years of age is eligible for the buy-in*
34 *program if he or she meets all of the following criteria:*

35 *(a) Lives in a family whose monthly or annual income exceeds*
36 *300 percent of the federal poverty level.*

37 *(b) Is not eligible for full scope Medi-Cal benefits or the Healthy*
38 *Families Program.*

1 (c) *Has been without health care coverage for, at minimum, a*
2 *period of six consecutive months immediately preceding the date*
3 *of application for the buy-in program.*

4 12694.3. (a) *The board shall place a child who meets the*
5 *eligibility criteria of Section 12694.2 in a risk pool separate from*
6 *all other children enrolled in the Healthy Families Program if the*
7 *child is subject to any of the following coverage risks:*

8 (1) *The amount of the premium for health care coverage for the*
9 *child obtained outside of a public program would exceed 6 percent*
10 *of the family's gross annual income or would exceed 125 percent*
11 *of the average capitation rate paid to a participating health plan.*

12 (2) *The child was denied health care coverage in the private*
13 *market within the 12-month period immediately preceding the date*
14 *of application to the buy-in program.*

15 (b) *The board shall place a child who meets the eligibility*
16 *criteria of Section 12694.2 but is not subject to any coverage risk*
17 *described in subdivision (a) in the same risk pool as all other*
18 *children enrolled in the Healthy Families Program.*

19 12694.4. *The coverage for children in the buy-in program shall*
20 *be identical to the coverage for children enrolled in the Healthy*
21 *Families Program and shall be provided solely by a participating*
22 *health plan.*

23 12694.5. (a) *The family of a child described in subdivision (a)*
24 *of Section 12694.3 enrolled in the buy-in program shall pay the*
25 *board a monthly contribution that equals the lesser of the following*
26 *amounts:*

27 (1) *The average capitation rate paid to participating health*
28 *plans in the buy-in program in the service area where the child*
29 *resides.*

30 (2) *One hundred twenty-five percent of the average full monthly*
31 *participating health plan capitation amount in the Healthy Families*
32 *Program.*

33 (b) *The family of a child other than as described in subdivision*
34 *(a) of Section 12694.3 enrolled in the buy-in program shall pay*
35 *the board a monthly contribution in an amount that equals the*
36 *average full monthly participating health plan capitation amount*
37 *in the Healthy Families Program.*

38 (c) *The family of a child enrolled in the buy-in program shall*
39 *receive the same discounts from their contributions under this*
40 *section as provided to applicants pursuant to paragraph (4) of*

1 *subdivision (d) of, and subdivisions (e) and (f) of, Section 12693.43*
2 *and shall be subject to the payment procedures set forth in Section*
3 *2699.6813 of Title 10 of the California Code of Regulations.*

4 *12694.6. (a) A county who finds a child ineligible for the*
5 *Medi-Cal program or the Healthy Families Program shall offer*
6 *the option of enrollment in the buy-in program.*

7 *(b) The board shall offer the option of enrollment in the buy-in*
8 *program for a child it finds ineligible for the Medi-Cal program*
9 *or the Healthy Families Program.*

10 *SEC. 13. Section 14005.23 of the Welfare and Institutions Code*
11 *is amended to read:*

12 *14005.23. (a) To the extent federal financial participation is*
13 *available, the department shall, when determining eligibility for*
14 *children under Section 1396a(l)(1)(D) of Title 42 of the United*
15 *States Code, designate a birth date by which all children who have*
16 *not attained the age of 19 years will meet the age requirement of*
17 *Section 1396a(l)(1)(D) of Title 42 of the United States Code.*

18 *(b) On and after January 1, 2008, the department shall apply*
19 *the less restrictive income deduction described in Section 1396a(r)*
20 *of Title 42 of the United States Code when determining eligibility*
21 *for the children identified in subdivision (a). The amount of this*
22 *deduction shall be the difference between 133 percent and 100*
23 *percent of the federal poverty level applicable to the size of the*
24 *family.*

25 *SEC. 14. Section 14005.26 is added to the Welfare and*
26 *Institutions Code, to read:*

27 *14005.26. (a) Notwithstanding any other provision of law, a*
28 *child under 19 years of age who meets the state residency*
29 *requirements of the Medi-Cal program or the Healthy Families*
30 *Program (Part 6.2 (commencing with Section 12693) of Division*
31 *2 of the Insurance Code) shall be eligible for either the Medi-Cal*
32 *program if he or she meets the income and resource requirements*
33 *of Section 14005.7 or 14005.30, or the Healthy Families Program*
34 *if he or she lives in a family with household income at or below*
35 *300 percent of the federal poverty level, including for both*
36 *programs those children for whom federal financial participation*
37 *is not available under Title XIX of the federal Social Security Act*
38 *(42 U.S.C. Sec. 1396 et seq.), or under Title XXI of the federal*
39 *Social Security Act (42 U.S.C. Sec. 1397aa et seq.).*

1 (b) A child described in subdivision (a) who is ineligible for the
2 full scope of benefits under the Medi-Cal program at no share of
3 cost because of his or her family's household income, shall be
4 eligible for the Healthy Families Program pursuant to Section
5 12693.701 of the Insurance Code if he or she is ineligible for
6 Medicare coverage and complies with Sections 12693.71 and
7 12693.72 of the Insurance Code. A child's eligibility for the
8 Healthy Families Program pursuant to this section shall not affect
9 the child's eligibility for the Medi-Cal program with a share of
10 cost in accordance with Section 14005.7.

11 (c) Nothing in this section shall be construed to authorize the
12 denial of medical assistance under the Medi-Cal program to a
13 child who, without the application of this section, would qualify
14 for that assistance or to excuse the Medi-Cal program or the
15 Healthy Families Program of the obligation to determine eligibility
16 on all other available grounds.

17 (d) The department shall maximize federal matching funds
18 available for eligible children's health insurance under the
19 Medi-Cal program, and the department shall implement strategies
20 to coordinate and integrate existing children's health insurance
21 programs to maximize available state and federal matching funds,
22 such as matching funds available for emergency or
23 pregnancy-related Medi-Cal benefits, for all eligible children.

24 (e) The department shall implement this section, and children
25 made eligible for the Medi-Cal program by this section shall be
26 able to enroll in the Medi-Cal program, no later than January 1,
27 2008.

28 SEC. 15. Section 14011.01 is added to the Welfare and
29 Institutions Code, to read:

30 14011.01. (a) The department, in coordination with the
31 Managed Risk Medical Insurance Board, stakeholders, and
32 consumer advocates, shall make technological improvements to
33 the existing eligibility determination and enrollment systems for
34 the Medi-Cal program, such as the Medi-Cal Eligibility Data
35 System (MEDS), and the Healthy Families Program based on the
36 guidelines set forth in subdivisions (b), (c), and (d) in order to
37 better integrate the enrollment processes for those programs.

38 (b) The improvements shall allow families, with their consent,
39 to be screened for, and apply to, multiple health care coverage
40 programs from more than one location.

1 (c) *The improvements shall accomplish all of the following*
2 *objectives:*

3 (1) *Promote accessible enrollment opportunities through public*
4 *service programs that are widely used by families, including*
5 *schools, and other public access points.*

6 (2) *Minimize families being required to provide duplicative*
7 *application data and maximize the use of application data, with*
8 *the family's consent, to screen for eligibility for multiple programs.*

9 (3) *Support electronic and digital signature approaches to*
10 *reduce the burden of the applicant appearing in person, wherever*
11 *possible.*

12 (4) *Reduce documentation requirements and, with the family's*
13 *consent, verify necessary information through other available*
14 *databases.*

15 (5) *Promote data integrity by expanding access to and improving*
16 *MEDS search and file clearance functionality.*

17 (6) *Include the ability to obtain birth and other state maintained*
18 *verification documents electronically.*

19 (7) *Support electronic exchange of information with the*
20 *Statewide Automated Welfare System.*

21 (8) *Guarantee privacy protections and secure information*
22 *exchange.*

23 (d) *To improve the integration and efficiency of technological*
24 *systems used by the state to operate the Medi-Cal program and*
25 *the Healthy Families Program, the department shall take the*
26 *following actions:*

27 (1) *Establish reusable service-based interfaces to allow multiple*
28 *existing enrollment systems to exchange data electronically.*

29 (2) *Support the electronic submission of verification documents*
30 *that are also available for exchange and reuse by multiple existing*
31 *enrollment systems.*

32 (3) *Develop a plan and timeline for the implementation of*
33 *technology that provides an infrastructure to allow legacy systems,*
34 *new enrollment systems, and other systems to access common*
35 *system functions, features, and rules through a central repository*
36 *of shared services.*

37 *SEC. 16. Section 14011.61 is added to the Welfare and*
38 *Institutions Code, to read:*

39 *14011.61. (a) To the extent allowed under Title XIX of the*
40 *federal Social Security Act (42 U.S.C. Sec. 1396 et seq.) and Title*

1 *XXI of the federal Social Security Act (42 U.S.C. Sec. 1397aa et*
2 *seq.), and only if federal financial participation is available under*
3 *Title XXI of the federal Social Security Act, the department shall*
4 *administer the Medi-Cal Presumptive Eligibility Program to*
5 *provide a child who meets the criteria set forth in subdivision (c)*
6 *with presumptive eligibility benefits for the period described in*
7 *subdivision (f).*

8 *(b) A county shall perform an initial screen of every application*
9 *for the Medi-Cal program or the Healthy Families Program that*
10 *is filed in that county. The initial screen shall be completed within*
11 *48 hours from the time of submission of the application for the*
12 *Medi-Cal program or the Healthy Families Program.*

13 *(c) On the basis of the initial screen performed by the county,*
14 *a child who meets all of the following requirements shall be eligible*
15 *for presumptive eligibility benefits under this section:*

16 *(1) The child, or his or her parent or guardian, submits an*
17 *application for the Medi-Cal program or the Healthy Families*
18 *Program directly to the county.*

19 *(2) The child's income, as screened by the county on the basis*
20 *of the application described in paragraph (1), appears to be within*
21 *the income levels necessary to establish eligibility for the Medi-Cal*
22 *program with no share of cost.*

23 *(3) The child is under 19 years of age at the time of the*
24 *application.*

25 *(4) The child is not receiving no-cost Medi-Cal benefits or*
26 *benefits under the Healthy Families Program at the time that the*
27 *application is submitted.*

28 *(d) When the county performs the initial screen and determines*
29 *that the child meets the criteria described in subdivision (c), the*
30 *county shall immediately establish presumptive eligibility for the*
31 *Medi-Cal program for that child. The presumptive eligibility*
32 *benefits provided under this section shall be identical to the benefits*
33 *provided to children who receive full-scope Medi-Cal benefits with*
34 *no share of cost and shall only be made available through a*
35 *Medi-Cal program provider.*

36 *(e) Once presumptive eligibility has been established, the county*
37 *shall continue to determine a child's eligibility for the Medi-Cal*
38 *program on the basis of the application submitted to it.*

39 *(f) The period of presumptive eligibility provided for under this*
40 *section begins on the first day of the month that the county finds*

1 *that the child meets all of the criteria described in subdivision (c)*
2 *and terminates on the last day of the month during which an*
3 *eligibility determination is completed and the child is either*
4 *enrolled in no-cost Medi-Cal or share-of-cost Medi-Cal or in the*
5 *Healthy Families Program or is determined ineligible for any of*
6 *those programs.*

7 *(g) Notwithstanding Chapter 3.5 (commencing with Section*
8 *11340) of Part 1 of Division 3 of Title 2 of the Government Code,*
9 *the department shall implement this section by means of all-county*
10 *letters or similar instructions, without taking any further regulatory*
11 *action. Thereafter, the department may adopt regulations, as*
12 *necessary, to implement this section in accordance with the*
13 *requirements of Chapter 3.5 (commencing with Section 11340) of*
14 *Part 1 of Division 3 of Title 2 of the Government Code.*

15 *(h) The department, in consultation with representatives of the*
16 *local agencies that administer the Medi-Cal program, consumer*
17 *advocates, and other stakeholders, shall develop and distribute*
18 *the policies and procedures, including any all-county letters,*
19 *necessary to implement this section.*

20 *(i) Nothing in this section shall be construed to authorize the*
21 *denial of medical assistance under the Medi-Cal program to a*
22 *child who, without the application of this section, would qualify*
23 *for that assistance or to excuse the Medi-Cal program or the*
24 *Healthy Families Program of the obligation to determine eligibility*
25 *on all other available grounds.*

26 *(j) The department shall begin to implement this section on*
27 *January 1, 2008.*

28 *SEC. 17. Notwithstanding any other provision of law, the*
29 *Managed Risk Medical Insurance Board may implement the*
30 *provisions of this act expanding the Healthy Families Program*
31 *only to the extent that funds are appropriated for those purposes*
32 *in the annual Budget Act or in another statute.*

33 *SEC. 18. If the Commission on State Mandates determines that*
34 *this act contains costs mandated by the state, reimbursement to*
35 *local agencies and school districts for those costs shall be made*
36 *pursuant to Part 7 (commencing with Section 17500) of Division*
37 *4 of Title 2 of the Government Code.*

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**All matter omitted in this version of the bill
appears in the bill as introduced in the
Assembly, December 4, 2006. (JR11)**

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