

AMENDED IN ASSEMBLY APRIL 15, 1999

CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

ASSEMBLY BILL

No. 43

Introduced by Assembly Member Villaraigosa
(Principal coauthors: Assembly Members Cedillo and Gallegos)

December 7, 1998

An act to amend ~~Section 12693.70 of, and to add Section 12693.705 to, the Insurance Code, and to amend Section 14012 of, and to add Section 14005.235 to, the Welfare and Institutions Code Sections 12693.70, 12693.71, 12693.72, 12693.73, and 12693.75 of, to add Sections 12693.705 and 12693.745 to, to repeal and add Section 12693.74 of, the Insurance Code, relating to ~~children~~ health care, and making an appropriation therefor.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 43, as amended, Villaraigosa. Children: Healthy Families Program: eligibility.

~~(1) Existing~~

Existing law establishes the Healthy Families Program to arrange for the provision of health, dental, and vision services to eligible children pursuant to Title XXI of the Social Security Act, 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 the citizenship and immigration status requirements established by federal law. *Under existing law the program is administered by the Managed Risk Medical Insurance Board. Under existing law, the level of health benefits for program subscribers is required to be equivalent to those provided to state employees through the Public Employee's Retirement System as of January 1, 1998, except as specified.*

~~This bill would require that a child's family have a gross annual household income equal to or less than 250% of the federal poverty level for purposes of eligibility, and eligibility to be determined based on the minimum requirement and maximum flexibility permitted under Title XIX and Title XXI of the Social Security Act.~~

~~The bill would require the department and the board, to the extent feasible and permissible under federal law and with receipt of necessary federal approval, to develop a simplified program application and enrollment form for applicants that could be submitted by mail. The bill would require, to the extent consistent with federal law, that eligibility not be based on family assets and resources, or hours worked, or failure to apply in person, or lack of documentation, or date of entry into the United States, or more than an annual redetermination process.~~

~~The bill would provide that a child who is otherwise eligible for participation shall not be denied eligibility based on the child's date of entry into the United States.~~

~~Existing law continuously appropriates money from the Healthy Families Fund for purposes of implementation of the Healthy Families Program.~~

~~This bill, by liberalizing an eligibility criterion for participation within this program and thereby covering a new pool of participants, would make the moneys in this continuously appropriated fund available for a new or expanded purpose, and would thereby result in an appropriation.~~

~~(2) Existing law provides for the Medi-Cal program, through which health care benefits are provided to eligible individuals. Existing law requires reaffirmation of eligibility for Medi-Cal benefits for persons, whose eligibility is not~~



~~determined on the basis of eligibility for CalWORKs program benefit recipients and supplemental security income benefit recipients, on an annual basis or at other times as required by the State Department of Health Services.~~

~~This bill would revise Medi-Cal income eligibility standards for otherwise eligible individuals to include any child under 19 years of age whose family income does not exceed 133% of the federal poverty level. This bill would revise the reaffirmation of eligibility requirement to limit reaffirmations of eligibility for Medi-Cal benefits on any basis other than annually to apply only to persons who are 19 years of age or older.~~

~~Existing law requires local governments to determine Medi-Cal eligibility. This bill by changing the eligibility standards may increase the number of persons for whom there would have to be an eligibility determination, thus creating a state-mandated local program.~~

~~(3) The~~

~~The bill would require the department or each county to determine eligibility under the Healthy Families Program, thus creating 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, 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.~~

~~Vote: ²/₃. Appropriation: yes. Fiscal committee: yes. State-mandated local program: yes.~~

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

1 SECTION 1. Section 12693.70 of the Insurance Code
2 is amended to read:



1 12693.70. To be eligible to participate in the program,
2 an applicant shall meet all of the following requirements:

3 ~~(a) Be an applicant applying on behalf of an eligible~~
4 ~~child, which means a child who is all of the following:~~

5 ~~(1) Greater than 12 months of age and less than 19~~
6 ~~years of age. An application may be made on behalf of a~~
7 ~~child less than 12 months of age for coverage to begin as~~
8 ~~early as the child's first birthday.~~

9 ~~(2) Not eligible for no cost full scope Medi-Cal or~~
10 ~~Medicare at the time of application.~~

11 ~~(3) In compliance with Sections 12693.71 and 12693.72.~~

12 ~~(4) A child who meets citizenship and immigration~~
13 ~~status requirements that are applicable to persons~~
14 ~~participating in the program established by Title XXI of~~
15 ~~the Social Security Act.~~

16 ~~(5) A resident of the State of California pursuant to~~
17 ~~Section 244 of the Government Code.~~

18 ~~(6) In a family with a gross annual household income~~
19 ~~equal to or less than 250 percent of the federal poverty~~
20 ~~level.~~

21 ~~(b) If the applicant is applying for the purchasing pool,~~
22 ~~the applicant shall pay the first month's family~~
23 ~~contribution and agree to remain in the program for six~~
24 ~~months, unless other coverage is obtained and proof of~~
25 ~~the coverage is provided to the program.~~

26 ~~(c) An applicant shall enroll all of the applicant's~~
27 ~~eligible children in the program.~~

28 *(a) Program eligibility shall be determined based on*
29 *the minimum requirements and maximum flexibility*
30 *permitted under Title XIX and Title XXI of the Social*
31 *Security Act.*

32 *(b) To be eligible to participate in the program, an*
33 *applicant shall be one of the following:*

34 *(1) A person who is under 19 years of age who is in a*
35 *family with income no more than 300 percent of the*
36 *federal poverty level.*

37 *(2) An infant who would have been otherwise eligible*
38 *for the program pursuant to Part 6.3 (commencing with*
39 *Section 12695) but for the creation of this program.*



1 (3) A child who is one to six, inclusive, years of age with
2 income at or below 133 percent of the federal poverty
3 level who would have been otherwise eligible for the
4 program pursuant to Chapter 7 (commencing with
5 Section 14000) of Part 3 of Division 9 of the Welfare and
6 Institutions Code but for the creation of this program.

7 (4) A child who is six to 19, inclusive, years of age with
8 income at or below 100 percent of the federal poverty
9 level, who would have otherwise been eligible for the
10 program pursuant to Chapter 7 (commencing with
11 Section 14000) of Part 3 of Division 9 of the Welfare and
12 Institutions Code but for the creation of this program.

13 (5) Any other uninsured or underinsured infant or
14 child with family income no more than 300 percent of the
15 federal poverty level.

16 (6) The parent of any individual eligible pursuant to
17 paragraphs (1) to (5), inclusive.

18 (7) Any person or family eligible for the program
19 pursuant to Section 14005.30 of the Welfare and
20 Institutions Code.

21 (8) Any pregnant woman with income at or below 200
22 percent of the federal poverty level who would have
23 otherwise been eligible for the program pursuant to
24 Chapter 7 (commencing with Section 14000) of Part 3 of
25 Division 9 of the Welfare and Institutions Code but for the
26 creation of this program.

27 (9) Any pregnant woman who would otherwise have
28 been eligible for the program pursuant to Part 6.3
29 (commencing with Section 12695) but for the creation of
30 this program.

31 (10) Any pregnant woman, child, or child and his or
32 her parent with family income no more than 300 percent
33 of the federal poverty level shall be eligible for this
34 program if they also meet the minimum requirements for
35 eligibility under federal law.

36 (c) To the extent consistent with federal law, under no
37 circumstances shall eligibility be denied, terminated,
38 restricted, or limited based on any of the following:

39 (1) Family assets and resources.

40 (2) Hours of work.



- 1 (3) *Failure to apply in person.*
- 2 (4) *Lack of documentation proving income or*
- 3 *residency.*
- 4 (5) *Date of entry into the United States.*
- 5 (6) *More than an annual redetermination process.*

6 SEC. 2. Section 12693.705 is added to the Insurance
7 Code, to read:

8 12693.705. A child who is otherwise eligible for
9 participation shall not be denied eligibility based on his or
10 her date of entry into the United States.

11 This section does not constitute a change in, but is
12 declaratory of, existing law.

13 ~~SEC. 3. Section 14012 of the Welfare and Institutions~~
14 ~~Code is amended to read:~~

15 ~~14012. Reaffirmation shall be filed annually. With~~
16 ~~respect to the determination of eligibility for any person~~
17 ~~19 years of age or older, reaffirmation may be required at~~
18 ~~other times in accordance with general standards~~
19 ~~established by the department.~~

20 ~~SEC. 4. Section 14005.235 is added to the Welfare and~~
21 ~~Institutions Code, to read:~~

22 ~~14005.235. To the extent federal participation is~~
23 ~~available, any child under 19 years of age who meets all~~
24 ~~the other applicable eligibility requirements shall be~~
25 ~~eligible for benefits under this chapter if his or her family~~
26 ~~income does not exceed 133 percent of the federal~~
27 ~~poverty level.~~

28 ~~SEC. 5.—~~

29 *SEC. 3. Section 12693.71 of the Insurance Code is*
30 *amended to read:*

31 12693.71. (a) *The department and the board shall*
32 *monitor applications to determine whether employers*
33 *and employees have dropped employer-sponsored*
34 *dependent coverage in order to participate in the*
35 *program.*

36 (b) *The department and the board may disapprove an*
37 *application if it is determined that the—children family to*
38 *be covered under the application—were was covered by an*
39 *employer-sponsored insurance within the last three*
40 *months.*



1 (c) If the *department and the* board imposes the
2 limitation identified in subdivision (b) or (d), it shall also
3 establish exceptions to this limitation in cases where prior
4 coverage ended due to reasons unrelated to the
5 availability of the program. This shall include, but not be
6 limited to:

7 (1) Loss of employment due to factors other than
8 voluntary termination.

9 (2) Change to a new employer that does not provide
10 an option for dependent coverage.

11 (3) Change of address so that no employer sponsored
12 coverage is available.

13 (4) Discontinuation of health benefits to all employees
14 of the applicant's employer.

15 (5) Expiration of COBRA coverage period.

16 (6) Coverage provided pursuant to an exemption
17 authorized under subdivision (i) of Section 1367 of the
18 Health and Safety Code.

19 (d) If the *department and the* board determines,
20 based on evidence gathered during a reasonable period
21 of program operation, that a substantial share of funds
22 expended for the program are providing health coverage
23 for—~~children~~ *families* that have discontinued
24 employer-based coverage in order to enter the program
25 or if required by the federal government for state plan
26 approval, the *department and the* board may take actions
27 to increase the three-month time limit specified in
28 subdivision (b), to such a time limit that cannot exceed
29 six months.

30 *SEC. 4. Section 12693.72 of the Insurance Code is*
31 *amended to read:*

32 12693.72. (a) The *department and the* board may
33 disapprove an application if it is determined that the
34 ~~children~~ *family* to be covered under the application ~~were~~
35 *was* covered by an individual health care service plan
36 contract or individual disability insurance policy during
37 a specified period of time prior to the date of application
38 only if required by the federal government for state plan
39 approval. This time limitation period shall not exceed the
40 time period required by the federal government.



1 (b) If the *department and the board* imposes the time
2 limitation identified in subdivision (a), it shall also
3 establish exceptions to this limitation in cases where the
4 prior coverage ended due to reasons unrelated to the
5 availability of the program. This shall include, but not be
6 limited to, the prior coverage being pursuant to a health
7 plan operating pursuant to an exemption authorized by
8 subdivision (i) of Section 1367 of the Health and Safety
9 Code.

10 *SEC. 5. Section 12693.73 of the Insurance Code is*
11 *amended to read:*

12 12693.73. Notwithstanding any other provision of law,
13 children excluded from coverage under *Title XIX or Title*
14 *XXI of the Social Security Act* are not eligible for
15 coverage under the program.

16 *SEC. 6. Section 12693.74 of the Insurance Code is*
17 *repealed.*

18 ~~12693.74. Subscribers shall continue to be eligible for~~
19 ~~the program for a period of 12 months from the month~~
20 ~~eligibility is established.~~

21 *SEC. 7. Section 12693.74 is added to the Insurance*
22 *Code, to read:*

23 12693.74. Pursuant to Section 4731 of the federal
24 *Balanced Budget Act of 1997 (P.L. 105-33)*, any individual
25 *who is 19 years of age or younger and who is determined*
26 *to be eligible for this program shall remain eligible for*
27 *those benefits for a period of no less than 12 months.*

28 *SEC. 8. Section 12693.745 is added to the Insurance*
29 *Code, to read:*

30 12693.745. Pursuant to Section 4709 of the federal
31 *Balanced Budget Act of 1997 (P.L. 105-33)*, any individual
32 *older than 19 years of age who is determined to be eligible*
33 *for this program, and is enrolled in a managed care plan,*
34 *shall remain eligible for those benefits for a period of not*
35 *less than six months.*

36 *SEC. 9. Section 12693.75 of the Insurance Code is*
37 *amended to read:*

38 12693.75. ~~The program shall make use of a simple and~~
39 ~~easy to understand mail-in application process.~~ (a) *The*
40 *department and the board shall create and implement a*



1 *simplified application package, and shall seek input from*
2 *the board, consumers, advocates, providers, and other*
3 *interested parties in the development of the application.*

4 *(b) The simple application may be mailed in and*
5 *processed through an independent entity by agreement*
6 *with the department, or through the county. Eligibility*
7 *shall be presumed for a specified time period after an*
8 *initial screening by the independent entity or county.*
9 *The department or county shall make the final*
10 *determination of eligibility. Under no circumstances shall*
11 *eligibility determinations take longer than 45 days.*

12 *(c) To the extent permitted by federal law, a child or*
13 *family who is enrolled in any of the following programs*
14 *shall be eligible for this program:*

15 *(1) The Food Stamp Program, provided for pursuant*
16 *to Chapter 10 (commencing with Section 18900) of Part*
17 *6 of Division 9 of the Welfare and Institutions Code.*

18 *(2) The California Special Supplemental Food*
19 *Program for Women, Infants, and Children, provided for*
20 *pursuant to Article 2 (commencing with Section 123275)*
21 *of Chapter 1 of Part 2 of Division 106 of the Health and*
22 *Safety Code.*

23 *(3) The federal Head Start program, provided for*
24 *pursuant to Subchapter 2 (commencing with Section*
25 *9831) of Chapter 105 of Title 42 of the United States Code.*

26 *(4) The federal School Lunch programs, provided for*
27 *pursuant to Chapter 13 (commencing with Section 1751)*
28 *of Title 42 of the United States Code.*

29 *(d) The programs specified in subdivision (c) shall*
30 *forward relevant information, with the consent of the*
31 *applicant, to this program for purposes of establishing*
32 *program eligibility.*

33 *SEC. 10. Notwithstanding Section 17610 of the*
34 *Government Code, if the Commission on State Mandates*
35 *determines that this act contains costs mandated by the*
36 *state, reimbursement to local agencies and school*
37 *districts for those costs shall be made pursuant to Part 7*
38 *(commencing with Section 17500) of Division 4 of Title*
39 *2 of the Government Code. If the statewide cost of the*
40 *claim for reimbursement does not exceed one million*



1 dollars (\$1,000,000), reimbursement shall be made from
2 the State Mandates Claims Fund.
3 Notwithstanding Section 17580 of the Government
4 Code, unless otherwise specified, the provisions of this act
5 shall become operative on the same date that the act
6 takes effect pursuant to the California Constitution.

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