

AMENDED IN ASSEMBLY MAY 28, 1999
AMENDED IN ASSEMBLY APRIL 15, 1999

CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

ASSEMBLY BILL

No. 43

**Introduced by Assembly Member Villaraigosa, Cedillo, and
Gallegos**
**(Principal coauthors: Assembly Members ~~Cedillo and~~
Gallegos Firebaugh and Wildman)**

December 7, 1998

An act to amend Sections 12693.70, 12693.71, 12693.72, and 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 health care, ~~and making an appropriation therefor.~~

LEGISLATIVE COUNSEL'S DIGEST

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

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 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~~

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~~ person who is otherwise eligible for participation shall not be denied eligibility based on the ~~child's~~ person's date of entry into the United States, and a person who is lawfully present in the United States who is otherwise eligible for participation shall be eligible for the program.

~~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.~~

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



This bill would provide that its provisions shall be inoperative in any fiscal year in which funds have not been specifically designated in the Budget Act for that fiscal year for implementation of this bill.

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: $\frac{2}{3}$ majority. Appropriation: ~~yes~~ no. 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:

3 12693.70. To be eligible to participate in the program,
4 an applicant shall meet all of the following requirements:

5 (a) Program eligibility shall be determined based on
6 the minimum requirements and maximum flexibility
7 permitted under Title XIX and Title XXI of the Social
8 Security Act.

9 (b) To be eligible to participate in the program, an
10 applicant shall be one of the following:

11 (1) A person who is under 19 years of age who is in a
12 family with income no more than 300 percent of the
13 federal poverty level.

14 (2) An infant who would have been otherwise eligible
15 for the program pursuant to Part 6.3 (commencing with
16 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~~ (a) A person who is otherwise
9 eligible for participation shall not be denied eligibility
10 based on his or her date of entry into the United States.

11 ~~This~~

12 (b) A person who is lawfully present in the United
13 States who is otherwise eligible for participation shall be
14 eligible for the program.

15 (c) This section does not constitute a change in, but is
16 declaratory of, existing law.

17 SEC. 3. Section 12693.71 of the Insurance Code is
18 amended to read:

19 12693.71. (a) The department and the board shall
20 monitor applications to determine whether employers
21 and employees have dropped employer-sponsored
22 dependent coverage in order to participate in the
23 program.

24 (b) The department and the board may disapprove an
25 application if it is determined that the family to be
26 covered under the application was covered by an
27 employer-sponsored insurance within the last three
28 months.

29 (c) If the department and the board imposes the
30 limitation identified in subdivision (b) or (d), it shall also
31 establish exceptions to this limitation in cases where prior
32 coverage ended due to reasons unrelated to the
33 availability of the program. This shall include, but not be
34 limited to:

35 (1) Loss of employment due to factors other than
36 voluntary termination.

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

39 (3) Change of address so that no employer sponsored
40 coverage is available.



1 (4) Discontinuation of health benefits to all employees
2 of the applicant’s employer.

3 (5) Expiration of COBRA coverage period.

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

7 (d) If the department and the board determines,
8 based on evidence gathered during a reasonable period
9 of program operation, that a substantial share of funds
10 expended for the program are providing health coverage
11 for families that have discontinued employer-based
12 coverage in order to enter the program or if required by
13 the federal government for state plan approval, the
14 department and the board may take actions to increase
15 the three-month time limit specified in subdivision (b),
16 to such a time limit that cannot exceed six months.

17 SEC. 4. Section 12693.72 of the Insurance Code is
18 amended to read:

19 12693.72. (a) The department and the board may
20 disapprove an application if it is determined that the
21 family to be covered under the application was covered
22 by an individual health care service plan contract or
23 individual disability insurance policy during a specified
24 period of time prior to the date of application only if
25 required by the federal government for state plan
26 approval. This time limitation period shall not exceed the
27 time period required by the federal government.

28 (b) If the department and the board imposes the time
29 limitation identified in subdivision (a), it shall also
30 establish exceptions to this limitation in cases where the
31 prior coverage ended due to reasons unrelated to the
32 availability of the program. This shall include, but not be
33 limited to, the prior coverage being pursuant to a health
34 plan operating pursuant to an exemption authorized by
35 subdivision (i) of Section 1367 of the Health and Safety
36 Code.

37 SEC. 5. Section 12693.73 of the Insurance Code is
38 amended to read:

39 12693.73. Notwithstanding any other provision of law,
40 children excluded from coverage under Title XIX or Title



1 XXI of the Social Security Act are not eligible for
2 coverage under the program.

3 SEC. 6. Section 12693.74 of the Insurance Code is
4 repealed.

5 SEC. 7. Section 12693.74 is added to the Insurance
6 Code, to read:

7 12693.74. Pursuant to Section 4731 of the federal
8 Balanced Budget Act of 1997 (P.L. 105-33), any individual
9 who is 19 years of age or younger and who is determined
10 to be eligible for this program shall remain eligible for
11 those benefits for a period of no less than 12 months.

12 SEC. 8. Section 12693.745 is added to the Insurance
13 Code, to read:

14 12693.745. Pursuant to Section 4709 of the federal
15 Balanced Budget Act of 1997 (P.L. 105-33), any individual
16 older than 19 years of age who is determined to be eligible
17 for this program, and is enrolled in a managed care plan,
18 shall remain eligible for those benefits for a period of not
19 less than six months.

20 ~~SEC. 9. Section 12693.75 of the Insurance Code is~~
21 ~~amended to read:~~

22 ~~12693.75. (a) The department and the board shall~~
23 ~~create and implement a simplified application package,~~
24 ~~and shall seek input from the board, consumers,~~
25 ~~advocates, providers, and other interested parties in the~~
26 ~~development of the application.~~

27 ~~(b) The simple application may be mailed in and~~
28 ~~processed through an independent entity by agreement~~
29 ~~with the department, or through the county. Eligibility~~
30 ~~shall be presumed for a specified time period after an~~
31 ~~initial screening by the independent entity or county.~~
32 ~~The department or county shall make the final~~
33 ~~determination of eligibility. Under no circumstances shall~~
34 ~~eligibility determinations take longer than 45 days.~~

35 ~~(c) To the extent permitted by federal law, a child or~~
36 ~~family who is enrolled in any of the following programs~~
37 ~~shall be eligible for this program:~~

38 ~~(1) The Food Stamp Program, provided for pursuant~~
39 ~~to Chapter 10 (commencing with Section 18900) of Part~~
40 ~~6 of Division 9 of the Welfare and Institutions Code.~~



1 ~~(2) The California Special Supplemental Food~~
2 ~~Program for Women, Infants, and Children, provided for~~
3 ~~pursuant to Article 2 (commencing with Section 123275)~~
4 ~~of Chapter 1 of Part 2 of Division 106 of the Health and~~
5 ~~Safety Code.~~

6 ~~(3) The federal Head Start program, provided for~~
7 ~~pursuant to Subchapter 2 (commencing with Section~~
8 ~~9831) of Chapter 105 of Title 42 of the United States Code.~~

9 ~~(4) The federal School Lunch programs, provided for~~
10 ~~pursuant to Chapter 13 (commencing with Section 1751)~~
11 ~~of Title 42 of the United States Code.~~

12 ~~(d) The programs specified in subdivision (c) shall~~
13 ~~forward relevant information, with the consent of the~~
14 ~~applicant, to this program for purposes of establishing~~
15 ~~program eligibility.~~

16 ~~SEC. 10. Notwithstanding Section 17610 of the~~
17 ~~Government Code, if the Commission on State Mandates~~
18 ~~determines that this act contains costs mandated by the~~
19 ~~state, reimbursement to local agencies and school~~
20 ~~districts for those costs shall be made pursuant to Part 7~~
21 ~~(commencing with Section 17500) of Division 4 of Title~~
22 ~~2 of the Government Code. If the statewide cost of the~~
23 ~~claim for reimbursement does not exceed one million~~
24 ~~dollars (\$1,000,000), reimbursement shall be made from~~
25 ~~the State Mandates Claims Fund.~~

26 ~~Notwithstanding Section 17580 of the Government~~
27 ~~Code, unless otherwise specified, the provisions of this act~~
28 ~~shall become operative on the same date that the act~~
29 ~~takes effect pursuant to the California Constitution.~~

30 *SEC. 9. Notwithstanding Section 17610 of the*
31 *Government Code, if the Commission on State Mandates*
32 *determines that this act contains costs mandated by the*
33 *state, reimbursement to local agencies and school*
34 *districts for those costs shall be made pursuant to Part 7*
35 *(commencing with Section 17500) of Division 4 of Title*
36 *2 of the Government Code. If the statewide cost of the*
37 *claim for reimbursement does not exceed one million*
38 *dollars (\$1,000,000), reimbursement shall be made from*
39 *the State Mandates Claims Fund.*



1 *SEC. 10. Sections 1 to 9, inclusive, of this act shall be*
2 *inoperative in any fiscal year in which funds have not*
3 *been specifically designated in the Budget Act for that*
4 *fiscal year for implementation of this act.*

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