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STATE OF CALIFORNIA – OFFICE OF ADMINISTRATIVE LAW
NOTICE PUBLICATION/REGULATIONS SUBMISSION

STD. 400 (REV. 01-2013)
OAL FILE NUMBERS
NOTICE FILE NUMBER: **Z-** 2014-0204-08
REGULATORY ACTION NUMBER: 2014-0529-03C
EMERGENCY NUMBER: [Blank]

For use by Office of Administrative Law (OAL) only
NOTICE: [Blank]
REGULATIONS: [Date Stamp]
2014 MAY 29 PM 1:33
OFFICE OF ADMINISTRATIVE LAW

For Use by Secretary of State Only
[Date Stamp]
Endorsed Filed in the Office of 2014 JUN 18 PM 1:59
Debra Bowen
Secretary of State

AGENCY WITH RULEMAKING AUTHORITY: Managed Risk Medical Insurance Board
AGENCY FILE NUMBER (if any): ER-6-13

A. PUBLICATION OF NOTICE (Complete for publication in Notice Register)

1. SUBJECT OF NOTICE: [Blank]
   TITLES: [Blank]
   FIRST SECTION AFFECTED: [Blank]
2. REQUESTED PUBLICATION DATE: [Blank]
3. NOTICE TYPE
   Notice re Proposed Regulatory Action: [Blank]
   Other: [Blank]
4. AGENCY CONTACT PERSON: [Blank]
   TELEPHONE NUMBER: [Blank]
   FAX NUMBER (Optional): [Blank]

OAL USE ONLY
ACTION ON PROPOSED NOTICE
Approved as Submitted: [Blank]
Approved as Modified: [Blank]
Disapproved/Withdrawn: [Blank]
NOTICE REGISTER NUMBER: 2014, 7-Z
PUBLICATION DATE: 02/14/2014

B. SUBMISSION OF REGULATIONS (Complete when submitting regulations)

1a. SUBJECT OF REGULATIONS: MRMIP Modification of Guaranteed Issue Pilot Program (GIP)

1b. ALL PREVIOUS RELATED OAL REGULATORY ACTION NUMBERS: 2013-1213-03 E

2. SPECIFY CALIFORNIA CODE OF REGULATIONS TITLES AND SECTIONS

(Including Title 26, if toxics related)

SECTIONS AFFECTED **(List all section numbers individually. Attach additional sheet if needed.)**

ADOPT: [Blank]

AMEND: 2698.602

REPEAL: [Blank]

TITLES: 10

3. TYPE OF FILING

Regular Rulemaking (Gov. Code Section 11346): [Blank]

Resubmittal of disapproved or withdrawn nonemergency filing (Gov. Code Sections 11349.3, 11349.4): [Blank]

Emergency (Gov. Code, Section 11346.1(b)): [Blank]

Certificate of Compliance: The agency officer named below certifies that this agency complied with the provisions of Gov. Code Sections 11346.2-11347.3 either before the emergency regulation was adopted or within the time period required by statute: [Checked]

Resubmittal of disapproved or withdrawn emergency filing (Gov. Code, Section 11346.1): [Blank]

Emergency Readopt (Gov. Code, Section 11346.1(h)): [Blank]

File & Print: [Blank]

Changes Without Regulatory Effect (Cal. Code Regs., Title 1, Section 100): [Blank]

Print Only: [Blank]

Other (Specify): [Blank]

4. ALL BEGINNING AND ENDING DATES OF AVAILABILITY OF MODIFIED REGULATIONS AND/OR MATERIAL ADDED TO THE RULEMAKING FILE (Cal. Code Regs, Title 1, Section 44 and Gov. Code Section 11347.1): N/A

5. EFFECTIVE DATE OF CHANGES (Gov. Code, Sections 11343.4, 11346.1(d)); Cal. Code Regs, Title 1, Section 100):

Effective January 1, April 1, July 1, or October 1 (Gov. Code Section 11343.4(a)): [Blank]

Effective on filing with Secretary of State: [Checked]

Section 100 Changes Without Regulatory Effect: [Blank]

Effective other (Specify): [Blank]

6. CHECK IF THESE REGULATIONS REQUIRE NOTICE TO, OR REVIEW, CONSULTATION, APPROVAL OR CONCURRENCE BY, ANOTHER AGENCY OR ENTITY.

Department of Finance (Form STD. 399) (SAM Section 6660): [Checked]

Fair Political Practices Commission: [Blank]
State Fire Marshal: [Blank]
Other (Specify): [Blank]

7. CONTACT PERSON: Alissa Harris
TELEPHONE NUMBER: 916-324-0571
FAX NUMBER (Optional): 916-445-0898
EMAIL ADDRESS (Optional): aharris@mrmib.ca.gov

8. I certify that the attached copy of the regulations is a true and correct copy of the regulations identified on this form, that the information specified on this form is true and correct, and that I am the head of the agency taking this action, or a designee of the head of the agency, and am authorized to make this certification.
SIGNATURE OF AGENCY HEAD OR DESIGNEE: [Original Signed]
TYPED NAME AND TITLE OF SIGNATORY: Tony Lee, Deputy Director, Administration Division
DATE: 5/28/2014

For use by Office of Administrative Law (OAL) only

[Date Stamp]
Endorsed Approved
JUN 18 2014
Office of Administrative Law

Title 10. Investment
Chapter 5.5. Major Risk Medical Insurance Board
Article 6. Pilot Program Payments
Section 2698.602

§ 2698.602. Annual Reconciliation Reporting and Payment Process for Pilot Program Health Plans.

* * * * * * *

(b) In order to qualify for annual reconciliations, a Pilot Program health plan shall submit an annual report for each calendar year by December 31 of the following year, starting with a December 31, 2004 due date for calendar year 2003.

(1) For reconciliations addressing calendar years 2003 through 2007 inclusive, Pilot Program health plans that submit these reports by the December 31 due date will be given priority for reconciliation and any resulting payments. Pilot Program health plans that submit reports after the established due dates will be reconciled, and any resulting payments made from available funds, in order of the day of receipt of the report.

(2) For reconciliations addressing calendar year 2008 and all subsequent calendar years, a Pilot Program health plan that submits the required report after the December 31 due date shall not be entitled to be paid any amount pursuant to this section for the applicable calendar year and shall refund to the board, within thirty-five days of notification by the board, any amount previously paid to the plan for the applicable calendar year pursuant to section 2698.600.

(3) Notwithstanding paragraphs (1) and (2) or subsection (d), the following rules apply effective January 1, 2014:

(A) The Board shall not provide any payment to any Pilot Program health plan for health care expenses incurred on or after January 1, 2014 and shall not provide the aggregate standard monthly administrative fee for any month after December 2013.

(B) As a condition of receiving payment for a reporting period pursuant to this section, a Pilot Program health plan shall provide the Board with a complete, final annual reconciliation report for that period by the earlier of December 31, 2014 or the date the report is otherwise due pursuant to paragraphs (1) and (2).

If the Board receives a complete, final reconciliation report for a reporting period by the date required pursuant to this subparagraph, the Board shall complete reconciliation with the pilot program health plan for that reporting period within six months of receiving the report.

* * * * * * *

(d) Except as provided in paragraph (3) of subsection (b), the Board will review and reconcile each annual complete report within 120 days of receipt to the Pilot Program health plan of the findings based on the following formula:

one half (aggregate claims plus aggregate standard monthly administrative fee minus aggregate premiums) minus semiannual interim payments paid for that reporting period equals Final Payment.

In order to determine an aggregate monthly administrative fee for individuals in the Pilot Program, the Board will use a weighted average, weighted by plan population and adjusted by a factor of the number of dependents in the Program, of the current administrative fees for plans participating in the Program.

(1) The Board may make adjustments in determining the final payment to any Pilot Program health plan as follows:

(A) to delete any payments for persons who cannot be determined to be a Program Graduate or Program Graduate dependent during the reporting period,

(B) to delete expenses for services beyond the date of disenrollment during a reporting period for a Program Graduate or Program Graduate dependent,

(C) to delete expenses for services for the Program Graduate or Program Graduate dependent beyond the date of eligibility for Medicare Part A and Medicare Part B, and who are not in Medicare solely because of end stage renal disease,

(D) to delete expenses that occurred for services outside of the reporting period, and

(E) to delete all expenses beyond the $200,000 annual and $750,000 lifetime benefit limits for each individual in a Pilot Program standard benefit plan.

(2) If the current reconciliation indicates that further payment is owed to the Pilot Program health plan, the payment shall be made 30 days after notification of the reconciliation results. If the annual reconciliation indicates that an overpayment has

been made through the semiannual interim payment process, the Pilot Program health plan shall pay the overpayment to the Board within 35 days after the notification of reconciliation.

(e) The annual reconciliation, reporting and payment process shall be subject to review and/or audit by the Board or its authorized representatives, for a period of four years after a reconciliation payment by either the Board or a Pilot Program health plan has been made.

Note: Authority cited: Section 1373.62, Health and Safety Code; and Sections 10127.15, 12711 and 12712, Insurance Code. Reference: Sections 1373.62 and 1373.622, Health and Safety Code; and Sections 10127.15, 12711 and 12712, Insurance Code.