

**STATE OF CALIFORNIA
MANAGED RISK MEDICAL INSURANCE BOARD
1000 G STREET, SUITE 450
SACRAMENTO, CA 95814**

**TITLE 10, INVESTMENT, CALIFORNIA CODE OF REGULATIONS
CHAPTER 5.6 MANAGED RISK MEDICAL INSURANCE BOARD
ACCESS FOR INFANTS AND MOTHERS PROGRAM
AMEND SECTION 2699.202**

INITIAL STATEMENT OF REASONS

INTRODUCTION

Access for Infants and Mothers (AIM) is a state- and federally-funded program administered by MRMIB. AIM provides comprehensive health insurance to lower-income women during pregnancy and for sixty days thereafter. (Insurance Code sections 12695 *et seq.*)

The issue of receiving maternity care under MRMIB programs in connection with paid surrogacy was raised in August 2011 when the Federal Bureau of Investigation announced that it had discovered a baby-selling ring that used paid surrogates to create an inventory of unborn babies that they would sell for over \$100,000 each. One of the defendants admitted to causing applications containing materially false representations to be submitted to MRMIB's Access for Infants and Mothers program (AIM) to subsidize the medical expenses for delivering the babies. AIM's statute and regulations are silent as to benefits for subscribers who serve as a paid surrogate mother.

The Board believes that providing insurance coverage for paid surrogacy is an inappropriate use of public funds, particularly during this time of budget crises.

The proposed amendment clarifies that paid surrogacy is not a covered benefit of the MRMIP and provides an increase in transparency in government. With the resources to fund AIM dwindling and by preventing paid surrogates from getting services in AIM would allow other eligible mothers to receive services for their pregnancies.

The MRMIB does not anticipate nonmonetary benefits to the protection of public health and safety, worker safety, or the environment, the prevention of

discrimination, and the promotion of fairness or social equity in business and government.

On December 8, 2011, MRMIB submitted to the Office of Administrative Law (OAL) the request for emergency approval of the proposed regulations. The emergency regulations were approved by OAL and were effective December 9, 2011. The effect of the regulations is described below in connection with the specific subsection modified in these proposed regulations.

SPECIFIC PURPOSE OF EACH SECTION – GOVERNMENT CODE SECTION 11346.2(b)(1)

2699.301 Excluded Benefits

Section 2699.301 lists the excluded benefits in the AIM Program.

MRMIB is amending Sections 2699.301 to add subsection (a) (18) to provide that, effective on or after February 1, 2012, maternity care for paid surrogacy is excluded as a benefit in AIM.

POLICY STATEMENT

The objective of the proposed regulation amendment is to exclude paid surrogacy as a covered benefit in the AIM Program.

OTHER REQUIRED SHOWINGS – GOVERNMENT CODE SECTIONS 11346.2(b)(3)-(5)

Studies, Reports, Or Documents Relied Upon: - Gov. Code Section 11346.2(b)(3)

Economic Impact Analysis.

Reasonable Alternatives Considered – Gov. Code Section 11346.2(b)(4)(A)

No such alternative has been proposed..

Reasonable Alternatives Considered That Would Lessen the Impact On Small Business – Gov. Code Section 11346.2(b)(4)(B):

None.

Evidence Relied Upon To Support The Initial Determination That the Regulation Will Not have A Significant Adverse Economic Impact On Business – Gov. Code Section 11346.2(b)(5):

The proposed regulation will not have a significant adverse economic impact upon business.