

**TITLE 10, INVESTMENT, CALIFORNIA CODE OF REGULATIONS
CHAPTER 5.6 ACCESS FOR INFANTS AND MOTHER PROGRAM
ARTICLE 2. ELIGIBILITY, APPLICATION AND ENROLLMENT
AMEND SECTIONS 2699.200 AND 2699.207**

INITIAL STATEMENT OF REASONS

INTRODUCTION AND BACKGROUND

The Access for Infants and Mothers (AIM) program is a state and federally-funded program administered by the Managed Risk Medical Insurance Board (MRMIB or Board) (Insurance Code Section 12695 et seq.). The program provides low cost health insurance to uninsured, middle income pregnant women. The total cost to the individual subscriber is 1.5 percent of her adjusted annual household income. The State of California and the federal government supplement the subscriber contribution to cover the full cost of care.

On June 27, 2013, the Governor signed AB 82 (Chapter 23, Statutes of 2013), the 2013 Omnibus Health Trailer Bill. Section 24 of AB 82 added subdivision (d) to Insurance Code Section 12698, requiring use of Modified Adjusted Gross Income (MAGI) in calculating AIM eligibility effective January 1, 2014, pursuant to the Federal Patient Protection and Affordable Care Law (Public Law 111-148, amended by Public Law 111-152, jointly referred to here as the ACA).

On June 27, 2013, the Governor also signed ABX1-1 (Chapter 3, Statutes of 2013-13, First Extraordinary Session). Section 2 of ABX1-1 amended subdivision (a) of Insurance Code Section 12698.30 to require that AIM eligibility continue through the end of the month in which the 60th day following the end of a pregnancy falls, rather than ceasing coverage on the 61st day following the end of the pregnancy.

At its August 21, 2013 public meeting, the Board adopted emergency AIM regulations to implement both MAGI eligibility in compliance with AB 82 and end-of-month disenrollment in compliance with ABX1-1. The emergency regulation took effect on November 13, 2013, and was implemented for AIM subscribers beginning January 1, 2014.

Policy Statement: The objective of the proposed regulation amendment is to comply with new California legislation that (1) requires use of MAGI in determining AIM income eligibility (Section 24 of AB 82, Chapter 23, Statutes of 2013) and (2) requires AIM eligibility to continue through the end of the month in which the 60th day following the end of a pregnancy falls, rather than disenrolling subscribers on the 61st day following the end of a pregnancy.

Existing Law: Existing statutes require use of MAGI in determining AIM income eligibility, but existing regulations base AIM eligibility on monthly household income after deductions. Existing statutes require AIM eligibility to continue through the end of the month in which the

60th day following the end of a subscriber's pregnancy occurs, while existing regulations require that an AIM subscriber be disenrolled from the program on the 61st day following the end of the subscriber's pregnancy.

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

Section 2699.200(C) is amended to add numbers designating subparagraphs 1 and 2.

Subparagraph 1 states the existing eligibility rule, under which eligibility is based on monthly household income after deductions (defined at Title 10 CCR Section 2699.100(o)); the amendment adds introductory language clarifying that this rule applies only to eligibility that takes effect before January 1, 2014.

Subparagraph 2 States that, for eligibility that takes effect on or after January 1, 2014, income shall be calculated in accordance with MAGI. The reference to "Section 1397bb(b)(1)(B) of Title 42 of the United States Code as added by the federal Patient Protection and Affordable Care Act (Public Law 111-148) as amended by the federal Health Care and Education Reconciliation Act of 2010 (Public Law 111-152) and any subsequent amendments" is a reference to the federal requirement for implementation of MAGI income eligibility.

Section 2699.207(D) is amended to add language stating that, notwithstanding the prior rule under which an AIM subscriber is disenrolled on the 61st day following the end of pregnancy, beginning January 1, 2014, coverage shall continue through the last day of the month in which the 60th day following the end of a pregnancy occurs.

OTHER REQUIRED SHOWINGS

Studies, Reports, Or Documents Relied Upon: - Gov. Code 11346.2(b)(2)

None.

Reasonable Alternatives Considered – Gov. Code 11346.2(b)(3)(A)

None.

Reasonable Alternatives Considered That Would Lessen the Impact On Small Business – Gov Code 11346.2(b)(3)(B):

None.

Economic Impact Assessment/Analysis

The AIM program is funded by a combination of state and federal subsidies and subscriber premiums. The fiscal impact of MAGI is unknown but believed to be neutral. There will be an additional Proposition 99 cost of \$1.4 million in fiscal year 2013-14 and \$2.0 million for the two subsequent fiscal years due to implementing end-of-month disenrollment. Also, there will be an additional federal cost of \$2.1 million in fiscal year 2013-14 and \$2.0 million for the two subsequent fiscal years due to implementing end-of-month disenrollment.

MRMIB does not anticipate any impact on the (1) creation or elimination of jobs within the State of California, (2) the creation of new businesses or the elimination of existing businesses within the State of California, or (3) the expansion of businesses currently doing business within the State of California. The proposed action would benefit the health and welfare of California residents, as there will be a small savings to AIM subscribers due to implementing end-of-month disenrollment.

Evidence Relied Upon To Support The Initial Determination That the Regulation Will Not have A Significant Adverse Economic Impact On Business – Gov. Code 11346.2(b)(4):

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