

## NOTICE PUBLICATION/REGULATORY ACTION SUBMISSION

(See instructions on reverse)

For use by Secretary of State only

STD. 400 (REV. 01-2013)

OAL FILE NUMBERS <b>Z-</b>	NOTICE FILE NUMBER	REGULATORY ACTION NUMBER	EMERGENCY NUMBER <b>2013-1213-03E</b>
For use by Office of Administrative Law (OAL) only			
NOTICE		REGULATIONS	

ENDORSED FILED  
2013 DEC 19 PM 3:43

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*Debra Brown*  
 DEBRA BROWN  
 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		TITLE(S)		FIRST SECTION AFFECTED		2. REQUESTED PUBLICATION DATE	
3. NOTICE TYPE <input type="checkbox"/> Notice re Proposed Regulatory Action <input type="checkbox"/> Other		4. AGENCY CONTACT PERSON		TELEPHONE NUMBER		FAX NUMBER (Optional)	
OAL USE ONLY <input type="checkbox"/> Approved as Submitted <input type="checkbox"/> Approved as Modified <input type="checkbox"/> Disapproved/Withdrawn		NOTICE REGISTER NUMBER		PUBLICATION DATE			

**B. SUBMISSION OF REGULATIONS (Complete when submitting regulations)**

1a. SUBJECT OF REGULATION(S) Changes to MRMIP Guaranteed Issue Pilot Program (GIP)		1b. ALL PREVIOUS RELATED OAL REGULATORY ACTION NUMBER(S)	
2. SPECIFY CALIFORNIA CODE OF REGULATIONS TITLE(S) AND SECTION(S) (Including title 26, if toxics related)			
SECTION(S) AFFECTED (List all section number(s) individually. Attach additional sheet if needed.)		ADOPT	
TITLE(S) <i>10</i>		AMEND 2698.602	
		REPEAL	
3. TYPE OF FILING			
<input type="checkbox"/> Regular Rulemaking (Gov. Code §11346) <input type="checkbox"/> Resubmittal of disapproved or withdrawn nonemergency filing (Gov. Code §§11349.3, 11349.4) <input checked="" type="checkbox"/> Emergency (Gov. Code, §11346.1(b))			
<input type="checkbox"/> Certificate of Compliance: The agency officer named below certifies that this agency complied with the provisions of Gov. Code §§11346.2-11347.3 either before the emergency regulation was adopted or within the time period required by statute. <input type="checkbox"/> Resubmittal of disapproved or withdrawn emergency filing (Gov. Code, §11346.1)			
<input type="checkbox"/> Emergency Readopt (Gov. Code, §11346.1(h)) <input type="checkbox"/> File & Print <input type="checkbox"/> Other (Specify) _____			
<input type="checkbox"/> Changes Without Regulatory Effect (Cal. Code Regs., title 1, §100) <input type="checkbox"/> Print Only			
4. ALL BEGINNING AND ENDING DATES OF AVAILABILITY OF MODIFIED REGULATIONS AND/OR MATERIAL ADDED TO THE RULEMAKING FILE (Cal. Code Regs. title 1, §44 and Gov. Code §11347.1)			
5. EFFECTIVE DATE OF CHANGES (Gov. Code, §§ 11343.4, 11346.1(d); Cal. Code Regs., title 1, §100)			
<input type="checkbox"/> Effective January 1, April 1, July 1, or October 1 (Gov. Code §11343.4(a)) <input checked="" type="checkbox"/> Effective on filing with Secretary of State <input type="checkbox"/> \$100 Changes Without Regulatory Effect <input type="checkbox"/> Effective other (Specify) _____			
6. CHECK IF THESE REGULATIONS REQUIRE NOTICE TO, OR REVIEW, CONSULTATION, APPROVAL OR CONCURRENCE BY, ANOTHER AGENCY OR ENTITY			
<input checked="" type="checkbox"/> Department of Finance (Form STD. 399) (SAM §6660) <input type="checkbox"/> Fair Political Practices Commission <input type="checkbox"/> State Fire Marshal <input type="checkbox"/> Other (Specify) _____			
7. CONTACT PERSON JoAnne French		TELEPHONE NUMBER (916) 327-7978	FAX NUMBER (Optional) (916) 445-0898 E-MAIL ADDRESS (Optional) jfrench@mrmib.ca.gov

8. I certify that the attached copy of the regulation(s) is a true and correct copy of the regulation(s) 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

DATE

*12/13/2013*

TYPED NAME AND TITLE OF SIGNATORY

Tony Lee, Deputy Director, Administration Division

For use by Office of Administrative Law (OAL) only

ENDORSED APPROVED

DEC 19 2013

Office of Administrative Law

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

Text proposed to be added is displayed in underline type.  
Text proposed to be deleted is displayed in ~~strikeout~~ type.

**§ 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 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.