STATE OF CALIFORNIA – HEALTH AND WELFARE AGENCY GEORGE DEUKMEJIAN, Governor

DEPARTMENT OF HEALTH SERVICES
714/744 P STREET
SACRAMENTO, CA 95814

April 27, 1989

TO: ALL COUNTY WELFARE DIRECTORS
ALL COUNTY ADMINISTRATIVE OFFICERS

Letter No.: 89-31

Subject: Health Insurance Premium Payment (HIPP) Program

Reference: All County Welfare Directors Letter 88-60

This is to provide counties with an update on the Health Insurance Premium Payment (HIPP) Program and to provide detailed draft county procedures for review and comment.

As you know, HIPP was enacted through passage of Assembly Bill 3328 (Margolin, Chapter 940, Statutes of 1986). Pursuant to Welfare and Institutions Code, Section 14124.91, the Department of Health Services (DHS) is permitted to pay the health insurance premiums for selected Medi-Cal beneficiaries.

All County Welfare Directors Letter (ACWDL) 88-60 provided counties with HIPP background and proposed system information. It also transmitted a draft copy of the proposed HIPP referral form and instructions for county review and comments. The program was targeted for implementation in October 1988; however because regulations have yet to be approved, implementation is delayed. We want to apologize for the delay in informing counties of this change.

We intend to implement HIPP as soon as regulations are made final and will use the HIPP Referral form for initial implementation until the revised Health Insurance Questionnaire (DHS 6155) is available. The HIPP Referral form is temporary and will be replaced once the revised Health Insurance DHS 6155 is reprinted. The revised DHS 6155 was approved by the CWDA Medical Care Forms Committee. DHS, Recovery Branch, Health Insurance Unit, will mail counties a supply of HIPP temporary referral forms when the regulations are approved.

As you are aware, the HIPP identification and notification process is being developed parallel and consistent with the Third Party Liability identification process. The HIPP process begins when a beneficiary notifies the county welfare department that a) his/her health insurance has or is about to lapse, or b) health insurance is available through the employer but has not been applied for. County staff will be responsible to 1) hand out the form during an applicant's/beneficiary's intake or redetermination and, upon receiving the

completed form, review for completeness the sections that include the beneficiary name, Medi-Cal identification number and beneficiary telephone number(s) 2) complete the sections of the form for beneficiary name, Medi-Cal identification number and beneficiary telephone number if the beneficiary cannot be given the form in person, and send the form to the beneficiary with a State addressed return envelope. In both cases, the form must be submitted to the Department of Health Services, Other Coverage Section HIPP program, 6620 Folsom Blvd., Sacramento, CA 95819. It will be reviewed and evaluated by State staff for possible premium payment. It is important to note that all beneficiaries referred to the Department with a diagnosis of AIDS will be prime candidates for HIPP acceptance.

Also enclosed are detailed draft HIPP Medi-Cal Manual procedures for county review and comment. Please submit your written comments by May 30, 1989 directly to:

Department of Health Services
Attn: David Jimenez
Health Insurance Unit
6620 Folsom Blvd.
Sacramento, CA 95819

Comments may also be made via Electronic Mail Communication (EMC2) to Mail ID HDDJIME.

If you have any questions regarding this matter, please contact David Jimenez, at (916) 739-3258.

Sincerely,

Original signed by

Frank S. Martucci, Chief
Medi-Cal Eligibility Branch

Enclosure

cc: Medi-Cal Liaisons
Medi-Cal Program Consultants

Expiration Date: April 27, 1990

15H - - Health Insurance Premium Payment Program

This section provides background information and procedures pertaining to the Health Insurance Premium Payment (HIPP) Program.

1. Program Background

The HIPP Program (Welfare and Institution Codes, Section 14124.91) was established by enactment of Assembly Bill 3328 (Margolin, Chapter 940, Statutes of 1986). This law authorizes the Department of Health Services, whenever it is cost-effective, to pay health coverage premiums on behalf of Medi-Cal beneficiaries. The primary objective of the program is to continue a Medi-Cal beneficiary's other health coverage by paying medical coverage premiums which the beneficiary cannot afford, or if he/she decides to cancel existing coverage. Paying premiums for high cost medical users will result in reducing Medi-Cal costs.

2. County Welfare Department (CWD) Responsibilities

The counties' responsibilities are to:

a. Issue a premium payment referral form (DHS 6172) by:

(1) Giving a form to the beneficiary to complete during the application and redetermination process, when the beneficiary indicates:

a) that health insurance is available, but has not been applied for, or

b) that he/she is about to terminate health insurance coverage, or

c) that his/her health insurance coverage has lapsed.

b. Assure that the sections for beneficiary name, Medi-Cal identification number and beneficiary telephone numbers are complete, accurate and readable. If the beneficiary cannot be given the form in person and the beneficiary notifies the County Welfare Department that his/her health insurance has or is about to terminate, or the beneficiary has not applied for the health insurance the EW must complete this portion of the form. The form should then be sent to the beneficiary with a state addressed return envelope. Counties can obtain envelopes when routinely ordering any form stock.

c. Retain a copy of the referral form in the case folder.

d. Advise the beneficiary that providing this information will not interfere with eligibility or use of Medi-Cal benefits. However, explain to the beneficiary that private health insurance must be used prior to using Medi-Cal. The information will be used solely to determine if the Department will pay the health insurance premiums for the beneficiary.

e. Batch and mail the referrals within five (5) days following receipt of the information to:

Department of Health Services
Recovery Branch
Health Insurance Unit (HIPP)
P. O. Box 1287
Sacramento, CA 95812-1287

f. After the county receives a confirmation notice that the beneficiary has been accepted to the HIPP program, review and recompute the beneficiary share of cost as necessary in accordance with Articles 12A and 12B (Share of Cost) of the Procedures portion of the Manual.

3. Department of Health Services' Responsibilities

a. DHS will review and process the premium payment referral forms.

b. DHS will establish a beneficiary case and a tickler file for annual re-evaluation.

c. DHS will initiate premium payments to the insurance carrier, employer or beneficiary as appropriate.

d. DHS will update MEDS with the appropriate OHC indicator.

e. DHS will notify the CWD (DHS 6036A) and the beneficiary (DHS 6167) of the State's approval to purchase health insurance coverage.

f. DHS will re-evaluate premium payment cases annually. In the event health insurance coverage is discontinued, DHS will 1) change the OHC indicator on MEDS to an "N" and notify the county using the DHS 6036 form to update the case file and, 2) notify the beneficiary of the decision to discontinue him/her from HIPP.

4. HIPP Notice (DHS 6036A)

A HIPP notice will be used by the Health Insurance Unit (HIU) to notify the county that the Department has approved payment for a beneficiary's health insurance premium. The notice will provide private health insurance information specific to the Medi-Cal beneficiary. In addition, the notice will indicate the OHC code that the Department will input into the Medi-Cal Eligibility Data System (MEDS).

5. Definition of Health Insurance Coverage

For purposes of the HIPP program, the five types of health insurance coverage that will be considered for premium payment are: 1) specific illness plans, 2) indemnity plans, 3) basic coverage, 4) basic/major coverage, and 5) Medicare supplemental plans. In order to determine a beneficiary's coverage type, six questions have been developed and printed on the HIPP referral form (Item No. 5) which should make it easy for a beneficiary to identify his/her type of health insurance coverage. The definitions of these types of health insurance coverage are as follows:

a. Specific Illness Plan -- Insurance providing an unallocated benefit, subject to a maximum amount, for expenses incurred in connection with the treatment of a specified illness, such as cancer, poliomyelitis, encephalitis and spinal meningitis.

b. Hospital Indemnity Plan -- Insurance which provides a stipulated daily, weekly or monthly cash payment during hospital confinement.

c. Basic Coverage -- Insurance which generally provides reimbursement for the major expenses associated with any illness, particularly those arising from hospital stays, physician visits, surgery, and diagnostic tests both in and out of the hospital. Basic plans typically limit coverage in terms of the maximum expense or frequency of utilization of each service that is covered, although benefits for 120 to 365 days of hospital care, for instance, are not uncommon.

d. Basic/Major Medical Coverage (also known as Comprehensive Major Medical Coverage) -- Insurance designed to give the protection offered by basic coverage and, in addition, provides health insurance to finance the expense of major illness and injury. Basic/major medical coverage is characterized by large benefit maximums ranging up to $250,000 or having no limit. The insurance, beyond an initial deductible, reimburses the major part of all charges for hospital, doctor, private nurses, medical appliances, prescribed out-of-hospital treatment, and drugs. The insured person as co-insurer pays the remainder. A common basic/major medical coverage type is an 80/20 plan whereby the insurance covers 80 percent of the charge and the insured pays the remaining 20 percent.

e. Medicare Supplemental Plan -- Insurance coverage for persons who are Medicare eligible. These policies supplement the coverage afforded by the federal government under the Medicare program. Medicare supplemental coverage generally provides the 20 percent co-insurance for Medicare covered outpatient expenses as well as all deductibles. In addition, a medicare supplemental plan also may include custodial care benefits.

6. High Cost Medical Conditions

The following is a nonexclusive list of medical conditions related to high cost medical procedures which will be considered for premium payment. If a beneficiary is identified with an AIDS diagnosis that, case will be automatically accepted for HIPP. Other conditions may be considered on a case-by-case basis:

MEDICAL CONDITION	TREATMENT
1. Breast cancer	Mammoplasty
2. Spinal (vertebral arthritides (severe)	Osteotomy and fusions
3. Herniated discs	" " "
4. Scoliosis	" " "

5. Upper arm and shoulder cancer.....Tumor excision

6. Shoulder joint dysfunction.....Arthrectomy with prosthesis

7. Hip joint dysfunction..... " " "

8. Knee joint dysfunction..... " " "

9. Lower leg deformities.....Femoral lengthening

10. Lower leg cancer.....Tumor excision

11. Ear-nose-throat cancer.....Radical neck dissection

12. Lung cancer.....Pneumonectomy and lobectomy

13. Heart diseases of valves.....Valvectomy and prosthesis

14. Heart attack.....Myocardial resection

15. Angina pectoris (heart attack).....By-pass graft

16. Congenital heart defects (severe).....Heart transplant & other procedures

17. Aneurysms, blood vessels.....Aneurysm surgery

18. Stroke and other ischemic conditions.....Endarterectomies

19. Cirrhosis.....Portal caval shunts

20. Tongue, jaw, mouth cancer.....Commando procedures

21. Esophageal cancer.....Esophageal resections

22. Stomach cancer.....Gastrectomy

23. Small bowel diseases.....Small bowel resections

24. Large bowel cancer.....Colectomies

25. Liver cancer & congenital defects.....Liver transplant

26. Pancreatic cancer.....Pancretic resection

27. Kidney diseases.....Kidney transplant

28. Urinary bladder cancer.....Resection & reconstruction

29. Prostate cancer.....Resection & radiation

30. Urethral diseases.....Reconstruction

31. Uterine & cervical cancer.....Resection

32. Vaginal diseases.....Resection & reconstruction

33. Abnormal pregnancy & delivery.....C-section

34. Brain tumors.....Craniotomy

35. Brain hemorrhage & aneurysms.....Craniotomy

36. Seizure disorder, pain (Severe).....Stereotactic procedures

37. Spinal cord tumors & defects.....Laminectomy

38. Nerve defects post trauma.....Nerve grafts

39. Corneal defects.....Keratoplasty

40. Cataracts.....Lens replacement

41. Retinal diseases.....Retinal reattachment

42. Strabismus.....Strabismus surgery

43. Acquired Immune Deficiency Syndrome (AIDS).....Various

Special Note: Cases which do not pertain to the above medical conditions but involve high dollar medical expense will be evaluated on an individual basis.