

**(1) Amend Section 50778 as follows:**

Section 50778. Other Health Coverage Premium Payment.

(a) The Department, in accordance with the period of eligibility as stipulated within the policyholder's contract, or in accordance with the period of eligibility as stipulated for continuation of coverage under federal law, shall pay the premiums to provide other health care coverage for a beneficiary with entitlement to such coverage when ~~the annual cost of the premium is less than half the estimated cost of Medi-Cal benefits~~ the estimated savings to the Medi-Cal program is 110% or greater than the premium costs. The estimated ~~cost of Medical benefits~~ savings shall be determined by the Department by the review of either:

(~~1~~a) Costs of covered medical services received by the beneficiary during the preceding year, irrespective of the payment source; or

(~~2~~b) Estimated annual cost of medical services for the treatment of the beneficiary's pre-existing medical condition.

Note: Authority cited: Section 20, Health and Safety Code; and Sections 10725 and 14124.5, Welfare and Institutions Code. Reference: Sections 14124.91, Welfare and Institutions Code; and 42 USC 1396-b(A)(~~a~~a)(1).