



State of California—Health and Human Services Agency  
Department of Health Care Services



ARNOLD SCHWARZENEGGER  
Governor

January 16, 2009

TO: ALL COUNTY WELFARE DIRECTORS Letter No.: 09-02  
ALL COUNTY ADMINISTRATIVE OFFICERS  
ALL COUNTY MEDI-CAL PROGRAM SPECIALISTS/LIAISONS  
ALL COUNTY HEALTH EXECUTIVES  
ALL COUNTY MENTAL HEALTH DIRECTORS

SUBJECT: HEALTH INSURANCE PREMIUM PAYMENT (HIPP) PROGRAM  
(Reference: All County Welfare Directors Letters 91-08 and 90-23)

The purpose of this letter is to inform you of changes to the State Plan that were implemented to increase participation in the HIPP Program. These changes became effective January 1, 2008. They are as follows:

1. Prior to 2008, to participate in the HIPP program, a Medi-Cal beneficiary's share-of-cost (SOC) could not exceed \$200 a month. Effective January 1, 2008, the Medi-Cal SOC criterion of \$200 was eliminated.
2. To participate in the HIPP program, a Medi-Cal beneficiary must have an existing medically confirmed condition that has been determined by the Department of Health Care Services (DHCS) to be a cost-effective condition for the HIPP program.

If DHCS determines that (2) is not applicable, then the following steps are used to determine cost-effectiveness.

- The insurance carrier's evidence of coverage policy booklet is used to verify that the specific condition is covered for the individual and/or family.
- Calculate cost-effectiveness by using the amount Medi-Cal would pay annually for the specific condition; deduct the individual's and/or family's SOC, and then divide by the annual insurance premium cost.
- If the result is 1.1 or more, then it is cost effective to pay the premiums for an individual and/or family.

The HIPP program will pay the premiums for additional family members who are not HIPP eligible if the individual's premium amount cannot be separated from the family premium amount. In determining cost-effectiveness, the entire cost of the premium will be calculated against the estimated medical costs associated with the HIPP eligible Medi-Cal beneficiary.

DHCS has determined it is not cost effective to pay for health insurance coverage when:

- A Medi-Cal beneficiary is enrolled in Medicare.
- The Medi-Cal beneficiary's insurance is provided through the Major Risk Medical Insurance Board or the Managed Risk Medical Insurance Program.
- A non-custodial parent has been ordered by the court to provide medical support.

If you have any questions or need additional information, please contact Ms. Michele Hill, HIPP Program at (916) 445-8310 or by e-mail at [Michele.Hill@dhcs.ca.gov](mailto:Michele.Hill@dhcs.ca.gov).

Original Signed By

Vivian Auble, Chief  
Medi-Cal Eligibility Division