

UPDATED INFORMATIVE DIGEST / POLICY STATEMENT OVERVIEW

California Welfare and Institutions (W & I) Code Sections 10725 and 14124.5 authorize the director of the Department of Health Care Services (Department) to adopt, amend, or repeal regulations as necessary and proper to carry out the purposes and intent of the statutes governing the Medi-Cal program.

The Health Insurance Premium Payment (HIPP) program operates under Section 14124.91 of the W & I Code, Title 22, Section 50778 of the California Code of Regulations (CCR), as well as the California State Plan, Attachment 4.22-C (SPA), which provide the bases for establishing program enrollment, eligibility, and cost-effective criteria.

Assembly Bill (AB) 3328 (Margolin, Chapter 940, Statutes of 1986) enacted the state statute requiring payment of premiums for third-party coverage. The provisions of AB 3328 are codified in W & I Code Section 14124.91. This statute provides a description of a cost-effective payment plan for maintaining third-party health coverage for persons who are Medi-Cal beneficiaries.

Title 22, CCR, Section 50778 mandates the Department, through the HIPP program as part of the Medi-Cal program, to pay the premiums for persons who are Medi-Cal eligible and who have access to group or private health insurance plans – third-party health coverage -- whenever it is cost-effective.

The Department received federal approval to change the cost-savings percentage for the HIPP program in its State Plan effective January 1, 2008. Using a lower cost savings percentage that requires the estimated savings to the Medi-Cal Program to be 110% of the premium costs is less difficult for applicants to meet than the current percentage requirement of 200%, and will increase the potential net program savings. This change is warranted because an increase in HIPP enrollment will increase yearly Medi-Cal savings. Allowing larger numbers of potential Medi-Cal beneficiaries to maintain their current health insurance and providers ensures continuity of care, which may maintain or improve individuals' health status, and avoid increased Medi-Cal expenditures.

This proposed regulatory action would assure conformance with the State Plan, as approved by the federal Centers for Medicare & Medicaid Services and affect Title 22, CCR, by amending Section 50778 to specifically accomplish the following:

1. Delete the current (a) at the beginning of the section.
2. Add a comma after "Department" in the first paragraph.
3. Change the basic description of what constitutes "cost-effectiveness" to comply with the SPA and read, "when the estimated savings to the Medi-Cal program is 110% or greater than the premium costs."

4. Delete the words “cost of Medical benefits,” and insert the word “savings.”
5. Change the numerical designations to alphabetical designations.
6. Add Section 20, Health and Safety Code as an Authority, because it authorizes the name change from the Department of Health Services to the Department of Health Care Services.
7. Change, under the Reference, the colon to a semicolon after “Code,” eliminate the space after “1396,” and change the (A) to (a).