



**The California Managed Risk Medical Insurance Board**

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**NOTICE OF PROPOSED RULEMAKING  
ER-3-13**

**TITLE 10, INVESTMENT, CALIFORNIA CODE OF REGULATIONS  
CHAPTER 5.6 ACCESS FOR INFANTS AND MOTHER PROGRAM  
ARTICLE 2. ELIGIBILITY, APPLICATION AND ENROLLMENT**

**AMEND SECTIONS 2699.200 AND 2699.207**

**NATURE OF PROCEEDING**

NOTICE IS HEREBY GIVEN that the Managed Risk Medical Insurance Board (MRMIB) is proposing to take the action described in the Informative Digest.

A public hearing regarding this proposal will be held on March 17, 2014, at 1:30 p.m., at 1000 G Street, Suite 450, Sacramento, CA 95814.

Following the public hearing MRMIB may thereafter adopt the proposal substantially as described below or may modify the proposal if the modifications are sufficiently related to the original text. With the exception of technical or grammatical changes, the full text of any modified proposal will be available for 15 days prior to its adoption from the person designated in this Notice as contact person and will be mailed to those persons who submit written comments related to this proposal, or who provide oral testimony at the public hearing, or who have requested notification of any changes to the proposal.

Notice is also given that any interested person, or his or her authorized representative, may submit written comments relevant to the proposed regulatory action to the:

Managed Risk Medical Insurance Board  
Attn: Alissa Harris  
1000 G Street, Suite 450  
Sacramento, CA 95814

Comments may also be submitted by facsimile (FAX) at (916) 445-0898 or by e-mail to [aharris@mrmib.ca.gov](mailto:aharris@mrmib.ca.gov). Comments must be received by no later than 5:00 p.m. on March 17, 2014.

## **AUTHORITY AND REFERENCE**

Authority: Section 12696.05, Insurance Code, Section 77 of AB 82 (Chapter 23, Statutes of 2013).

Reference: Sections 12696.05, 12698, and 12698.30 of the Insurance Code.

## **INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW**

The Access for Infants and Mothers (AIM) program is a state and federally-funded program administered by the Managed Risk Medical Insurance Board (MRMIB or Board) (Insurance Code Section 12695 et seq.). The program provides low cost health insurance to uninsured, middle income pregnant women. The total cost to the individual subscriber is 1.5 percent of her adjusted annual household income. The State of California and the federal government supplement the subscriber contribution to cover the full cost of care.

On June 27, 2013, the Governor signed AB 82 (Chapter 23, Statutes of 2013), the 2013 Omnibus Health Trailer Bill. Section 24 of AB 82 added subdivision (d) to Insurance Code Section 12698, requiring use of Modified Adjusted Gross Income (MAGI) in calculating AIM eligibility effective January 1, 2014, pursuant to the Federal Patient Protection and Affordable Care Law (Public Law 111-148, amended by Public Law 111-152, jointly referred to here as the ACA).

On June 27, 2013, the Governor also signed ABX1-1 (Chapter 3, Statutes of 2013-13, First Extraordinary Session). Section 2 of ABX1-1 amended subdivision (a) of Insurance Code Section 12698.30 to require that AIM eligibility continue through the end of the month in which the 60<sup>th</sup> day following the end of a pregnancy falls, rather than ceasing coverage on the 61<sup>st</sup> day following the end of the pregnancy.

At its August 21, 2013, public meeting, the Board adopted emergency AIM regulations to implement both MAGI eligibility in compliance with AB 82 and end-of-month disenrollment in compliance with ABX1-1. The emergency regulation took effect on November 13, 2013, and was implemented for AIM subscribers beginning January 1, 2014.

This proposed action will make permanent the emergency regulations concerning eligibility guidelines and criteria for the AIM program, as well as implement the coverage period established by amendment of Insurance Code sec. 12698.30(a).

### **Benefits of the Proposed Action:**

The proposed action would benefit the health and welfare of California residents, as there will be a small savings to AIM subscribers due to implementing end-of-month disenrollment.

### **Determination of Inconsistency/Incompatibility with Existing State Regulations:**

The MRMIB has determined that this proposed regulation is not inconsistent or incompatible with existing regulations. After conducting a review for any regulation that would relate to or affect this area, MRMIB has concluded that this is the only regulation that concerns income eligibility for the AIM program and disenrollment from AIM after the 60<sup>th</sup> day following the end of a pregnancy.

## **DISCLOSURES REGARDING THE PROPOSED ACTION**

MRMIB has made the following initial determinations:

Mandate on local agencies and school districts: None

Cost or savings to any state agency: The fiscal impact of MAGI is unknown but believed to be neutral. There will be an additional Proposition 99 cost of \$1.4 million in fiscal year 2013-14 and \$2.0 million for the two subsequent fiscal years due to implementing end-of-month disenrollment.

Cost to any local agency or school district which must be reimbursed in accordance with Government Code sections 17500 through 17630: None

Other nondiscretionary cost or savings imposed on local agencies: None

Cost of savings in federal funding to the State: There will be an additional federal cost of \$2.1 million in fiscal year 2013-14 and \$2.0 million for the two subsequent fiscal years due to implementing end-of-month disenrollment.

Cost impact on representative private person or business: The proposed action would benefit the health and welfare of California residents, as there will be a small savings to AIM subscribers due to implementing end-of-month disenrollment.

Significant effect on housing costs: None

Significant, Statewide Adverse Economic Impact Directly Business, Including the Ability of California Businesses to Compete with Businesses in Other States: None

## **Results of Economic Impact Analysis/Assessment**

The MRMIB concludes that it is: (1) unlikely that the proposed action will create any jobs within the State; (2) unlikely that proposed action will eliminate any jobs within the State; (3) unlikely that the proposed action will create any new businesses within the State; (4) unlikely that the proposed action will eliminate any existing business within the State; and (5) unlikely that the proposed action will cause the expansion of business currently doing business within the State.

*Benefits of the Proposed Action:* The proposed action would benefit the health and welfare of California residents, as there will be a small savings to AIM subscribers due to implementing end-of-month disenrollment.

**Small Business Determination**

The Board has determined that the proposed regulations will not affect small businesses. AIM is funded by state and federal funds as well as subscriber premiums. The MRMIB is not aware of any cost impacts that a small business would incur in reasonable compliance with the proposed action.

**Consideration of Alternatives**

The MRMIB must determine that no reasonable alternative considered by the agency, or that has been otherwise identified and brought to the agency's attention, would be more effective in carrying out the purpose for which the adoption of this regulation is proposed or would be as effective as and less burdensome to affected private persons than the proposed action, or would be more cost-effective to affected private persons and equally effective in implementing the statutory policy or other provision of law.

MRMIB invites interested persons to present statements or arguments with respect to alternatives to the proposed regulation during the written comment period, or at the public hearing.

**CONTACT PERSON**

Inquiries concerning the proposed adoption of this regulation and written comments may be directed to:

Alissa Harris  
Managed Risk Medical Insurance Board  
1000 G Street, Suite 450  
Sacramento, CA 95814  
(916) 324-0571

OR

Tony Lee  
Managed Risk Medical Insurance Board  
1000 G Street, Suite 450  
Sacramento, CA 95814  
(916) 327-8000

**INITIAL STATEMENT OF REASONS**

The MRMIB has prepared an initial statement of reasons for the proposed action and has available all the information upon which the proposal is based.

**TEXT OF PROPOSAL**

Copies of the exact language of the proposed regulations and of the initial statement of reasons, and all of the information upon which this proposal is based, may be obtained upon request from the Managed Risk Medical Insurance Board at 1000 G Street, Suite 450, Sacramento, CA 95814. These documents may also be viewed and downloaded from the MRMIB website at [www.mrmib.ca.gov](http://www.mrmib.ca.gov)

**AVAILABILITY AND LOCATION OF THE FINAL STATEMENT OF REASONS AND RULEMAKING FILE**

All the information upon which the proposed regulations are based is contained in the rulemaking file which is available for public inspection by contacting the person named above.

You may obtain a copy of the final statement of reasons once it has been prepared by making a written request to the contact person named above. The Final Statement of Reasons and the Rulemaking File will also be posted on the MRMIB website at [www.mrmib.ca.gov](http://www.mrmib.ca.gov).

**WEBSITE ACCESS**

Materials regarding this proposal can be found at [www.mrmib.ca.gov](http://www.mrmib.ca.gov)