DEPARTMENT OF HEALTH SERVICES
'4/744 P STREET
.CRAMENTO, CA 95814

January 4, 1991

TO: All County Welfare Directors
All County Administrative Officers

Letter No: 91-03

SUBJECT: HEALTH INSURANCE PREMIUM PAYMENT (HIPP) PROGRAM

This is to provide county workers with answers to some of the common questions asked about the State Department of Health Services' Health Insurance Premium Payment (HIPP) Program.

1. **What is the Health Insurance Premium Payment (HIPP) Program?**

Under Welfare and Institutions Code, Section 14124.91, the Department of Health Services may, whenever it is cost-effective, pay health insurance premiums on behalf of Medi-Cal beneficiaries. This is called the Health Insurance Premium Payment (HIPP) Program. The objective is to reduce Medi-Cal expenditures by continuing to pay a beneficiary's health insurance coverage when the cost of the premium would be less than the cost of Medi-Cal benefits.

2. **What qualifies a person for HIPP?**

a. There is current Medi-Cal eligibility.

b. There is a Medi-Cal share of cost of $200 or less.

c. There is a high cost medical condition for which the average monthly cost of medical care is twice the amount of the monthly health insurance premiums.

d. There is current health insurance coverage, or COBRA continuation, or a conversion policy in effect or available.

e. Application is made in a timely manner (allowing enough time to process the application and get the premium paid to meet insurance company deadlines). Timely application is:

(1) If coverage is under COBRA continuation and application is made within 30 days of the insurance termination date.

(2) If coverage is under a conversion policy and application is made within 20 days of the insurance termination date.

f. The policy does not exclude the high cost illness.

g. There is no Medicare eligibility.

h. There is no enrollment in a Medi-Cal related pre-paid health plan, the San Mateo County Health Plan or the Santa Barbara County Health Initiative.

3. **In regards to HIPP, what is the difference between COBRA continuation of coverage and conversion coverage?**

The COBRA provision requires most employers, with 20 or more employees, to extend continuation of health coverage to the employees and members of their families after the occurrence of any of several qualifying events. "Qualifying events" are any of the following which would result in any employee or dependent losing normal benefit eligibility:

a. Death of an employee (spouse and dependent children come under COBRA).

b. Termination of employment or reduction in hours (except for termination based on gross misconduct).

c. Divorce or legal separation.

d. Dependent child ceases to be an eligible dependent.

The employee or qualifying dependent(s) pay the cost of continuing coverage to the employer. Employees electing the extension can stay on the plan for 18 months. Dependents are allowed 36 months. After the 18 months or 36 months, an additional eleven (11) months of coverage may be available if the individual is disabled at the time of the qualifying event.

If available, the group insurance company must offer an individual conversion policy to the employee or qualified dependent. The conversion policy is a new individual policy which is different than the employer offered plan.

4. **In addition to the application/referral form (DHS 6155 or DHS 6172), what other documents must be submitted by the applicant?**

In addition to the HIPP application, the State requires the following documents:

a. A copy of the applicant's insurance policy.

b. A copy of Explanations of Benefits (EOBs) from insurance company which details medical costs for a period of six months up to the month of HIPP application, or documents to show that the monthly medical bill is twice as much as the premium.

c. A doctor's signed statement of diagnosis.

d. A premium payment notice, showing:

- where the premium is to be sent
- amount of the premium
- date the premium is due
- period of coverage

5. **Is it necessary for the beneficiary to sign the application (DHS 6155 or DHS 6172)?**

Yes. It is vital to the program that the beneficiary sign the application. The signature gives the Department of Health Services the authorization to obtain, if needed, any information regarding the beneficiary's private health insurance coverage, including payments and/or benefits for medical care made in the beneficiary's behalf, which may be used in determining if the Department will pay health insurance premiums for continued coverage.

6. **Is there a telephone number that can be called if there are any questions regarding the HIPP Program?**

Yes. There is a toll-free line available on weekdays between 7:30 a.m. and 4:30 p.m. which the county workers or the HIPP applicants can call if they have any questions. All calls will be returned within one work day. The toll-free number is (1-800-952-5294).

7. **When a potential HIPP referral case is identified while reviewing the beneficiary's Health Insurance Questionnaire (HIQ; DHS 6155), what is the proper procedure for handling the referral?**

It is very important that all potential HIPP applications be sent in immediately. Timing in making the first premium payment to the insurance carrier is critical to the carrier's obligation to accept coverage. Please indicate in red in the upper right hand corner of the form that this is a HIPP referral application.

8. **Is there an address where HIPP referrals should be mailed?**

Yes. Please mail all HIPP referral HIQs (DHS 6155s) and applications (DHS 6172) to:

State Department of Health Services
HIPP Coordinator
Health Insurance Unit
P.O. Box 1287
Sacramento, CA 95812-1287

9. **Does the policyholder have to be Medi-Cal eligible?**

Yes. State law mandates that the program is available only to Medi-Cal eligibles. In cases where the spouse and family dependents of the policyholder are Medi-Cal eligible and are applying for HIPP, but the primary policyholder is not Medi-Cal eligible, the State may only pay the premium for those eligible for Medi-Cal. Payment for an individual who is not Medi-Cal eligible is considered a gift of public funds.

10. **Is there retroactive reimbursement in the HIPP Program?**

NO. The HIPP Program does not retroactively reimburse for payments made before HIPP eligibility. The premium is paid beginning the month following the date of approval of the HIPP application.

11. **Can a Medi-Cal beneficiary be carried on Medicare and the HIPP Program at the same time?**

NO. Once a Medi-Cal beneficiary on the HIPP Program qualifies to be covered by Medicare, eligibility in the HIPP Program will be terminated. The State automatically buys into Medicare Part B (medical) insurance. Therefore, it is not cost effective for the State to pay two separate premiums. In addition, COBRA continuation and conversion policies state that when a policyholder becomes Medicare eligible, the policy is no longer in effect.

The Medi-Cal Eligibility Procedures Manual will be updated to include this information about HIPP and the eligibility requirements to qualify for the program.

If you have any further questions regarding the HIPP Program, call the toll-free number: (1-800-952-5294).

Sincerely,

ORIGINAL SIGNED BY

Frank S. Martucci, Chief
Medi-Cal Eligibility Branch

Enclosures

cc: Medi-Cal Liaisons
Medi-Cal Program Consultants