
Arnold Schwarzenegger
Governor

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DATE: December 2, 2010

LETTER No. 2-K

NOTIFICATION OF FEDERAL TEMPORARY HIGH RISK PROGRAM

The purpose of this letter from the Department of Managed Health Care (DMHC) is to provide full service health care service plans (health plans) with information they need to provide to applicants for individual coverage in accordance with Health and Safety Code Section (Section) 1389.25, as amended.

Effective June 29, 2010 as an urgency measure, Senate Bill 227 (Chapter 31, Statutes of 2010) requires the Managed Risk Medical Insurance Board (MRMIB) to administer a temporary high risk pool to provide health coverage to individuals with pre-existing conditions, as specified, and as authorized by the federal Patient Protection and Affordable Care Act. Known as the California Pre-Existing Condition Insurance Plan (PCIP), this new program for uninsured individuals began enrollment in October 2010.

When a health plan declines to offer coverage or deny enrollment for an individual or his or her dependents or offers coverage at a rate that is higher than the standard rate, as specified, Section 1389.25 requires this health plan to provide the individual applicant with the specific reason or reasons of the decision in writing at the time of the denial or the offer of coverage. Among other requirements, the health plan must notify the applicant about the California Major Risk Medical Insurance Program (MRMIP). SB 227 amended Section 1389.25 to require health plans to provide information about the PCIP as well.

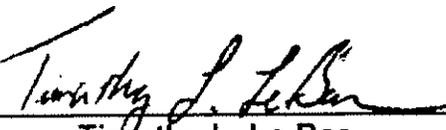
Under SB 227, the information about the PCIP must be in accordance with standards developed by the DMHC in consultation with the MRMIB. This information must include the toll-free telephone numbers and Internet Web site addresses for the MRMIP and the PCIP. Accordingly, the Department provides the following sample information that can be added to a health plan's current notice under Section 1389.25 as amended:

If you have been denied coverage or offered coverage at a very high rate because of your health history, you may qualify for subsidized coverage in the Major Risk Medical Insurance Program (MRMIP) and/or the Pre-Existing Condition Insurance Plan (PCIP). If you qualify, either program will accept you regardless of your health history. The PCIP, a new federal program, may offer coverage at a lower premium than MRMIP. The PCIP also does not have any annual or lifetime benefit limits - which may help if you have serious health problems. To qualify for the PCIP, you must not have had any health insurance coverage for the past six months (including public programs such as no-cost Medi-Cal), in addition to other requirements.

To learn more about the MRMIP, visit www.mrmib.ca.gov or call the toll-free number: 1-800-289-6574. To learn more about the PCIP, visit www.pcip.ca.gov or call the toll-free number: 1-877-428-5060. Keep this notice since you will need to provide it with your application for either program.

Please note the requirement to notify applicants of the availability of the MRMIP and the PCIP does not apply when a health plan rejects an applicant for Medicare supplement coverage. See Section 1389.25, subdivision (b), paragraph (4).

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