

# **News from MRMIB**

## **The Managed Risk Medical Insurance Board**

For Immediate Release  
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### **California to Open New Health Insurance Program for Individuals with Preexisting Conditions in September**

The Managed Risk Medical Insurance Board announced Thursday it plans to begin accepting applications this month and providing coverage to Californians next month in a new health insurance program for individuals with preexisting conditions – one of first major provisions of federal health reform to be implemented in the state.

“This is an important step in our progress to ensure that many more Californians can benefit from this important new federal program,” said Cliff Allenby, chairman of the 7-member Board, which also oversees the state’s high-risk pool, the Major Risk Medical Insurance Program.

Authorized by the Patient Protection and Affordable Care Act of 2010, the Preexisting Condition Insurance Plan (PCIP) is designed to provide coverage to uninsured individuals who have been denied health insurance or been offered only unaffordable options.

On April 29, Gov. Arnold Schwarzenegger announced that California would operate PCIP in the state rather than rely on the federal government to do so, and tasked the MRMIB with its implementation and operation.

The MRMIB also worked closely with the Governor and the Legislature on legislation for the program, including SB 227 by Sen. Elaine Alquist, D-Santa Clara, which gave the Board the authority to operate the program, and AB 1887 by Assembly Member Mike Villines, R-Fresno, which provided the mechanism for the Board to receive the federal funds.

California will receive a federal allocation of \$761 million to operate the plan through the end of 2013, when insurance rules will change under the provisions of the new federal health reform act so that preexisting conditions are no longer considered in insurance pricing and eligibility.

Lesley Cummings, MRMIB executive director, said providing this new program to medically uninsurable Californians is part of the Board’s mandate and a long-time goal.

“Through this federally funded program, we can fulfill our charge to help medically uninsurable Californians beyond what we have been able to accomplish through the state’s limited high risk pool that can serve no more than 7,100 subscribers monthly,” she said.

To be eligible for PCIP, persons must be a citizen, national or lawfully present in the United States; must have had no creditable coverage in the six months prior to application; and a preexisting condition as evidenced by proof of denial by an insurance carrier within the past 12 months or an offer of coverage above the premium level of the MRMIP PPO rate.

To date, nearly 4,000 people have requested the PCIP application be sent to them when it becomes available. Persons interested in receiving an application when they become available later this month may submit their name, address, phone number and email address to [PCIP@mrmib.ca.gov](mailto:PCIP@mrmib.ca.gov).

Since the March 23 signing of the Affordable Care Act, a total of 28 states, including California, have chosen to implement the program; the other 22 states have elected to use a version of the plan offered by the federal government.

The Board on Thursday also reviewed and approved premium rates for the new plan that range from \$127 monthly for persons aged 15 and under in the state’s three most southern counties to \$1,003 monthly for persons more than 74 years old in the six counties of the Bay Area. For a 50-year-old person living in San Francisco, the monthly premium would be \$499 as compared to \$915 for the state’s high risk pool. These rates are effective through December 31, 2011.

In addition, the Board told its staff to begin negotiations immediately with two organizations forwarded for consideration after competing in a robust solicitation process to operate as administrative vendor and third-party administrator for the program. MAXIMUS, a Virginia-based private company with offices in Folsom, CA, will participate in negotiations with MRMIB staff to provide administrative vendor services for PCIP. The Board also gave approval for staff to negotiate with a group led by HealthNow Administrative Services to provide third-party administrator services to the plan. Together, the administrative vendor and third-party administrator will provide through MRMIB a structure similar to that used by self-insured employers to their employees and would provide all the components of a comprehensive health care plan to subscribers.

The state continues to negotiate with the federal Centers for Medicare and Medicaid Services in finalizing a contract between the state and the federal government for state receipt of the federal allocation to fund PCIP and federal authority to implement and operate the program. A contract is expected to be finalized in the coming weeks.

For more information on PCIP or MRMIB, please go to [www.mrmib.ca.gov](http://www.mrmib.ca.gov).

**Preexisting Condition Insurance Plan in California  
Monthly Premium Rates\*  
Effective through December 31, 2011**

<b>Age Band</b>	<b>Region 1</b>	<b>Region 2</b>	<b>Region 3</b>	<b>Region 4</b>	<b>Region 5</b>	<b>Region 6</b>
<15	\$145	\$138	\$140	\$127	\$142	\$127
15-29	\$199	\$195	\$201	\$180	\$200	\$181
30-34	\$286	\$282	\$292	\$258	\$288	\$260
35-39	\$319	\$314	\$325	\$288	\$321	\$289
40-44	\$337	\$332	\$344	\$304	\$339	\$306
45-49	\$369	\$364	\$377	\$334	\$371	\$335
50-54	\$494	\$481	\$499	\$445	\$495	\$448
55-59	\$627	\$608	\$624	\$564	\$625	\$567
60-64	\$796	\$780	\$802	\$720	\$799	\$723
65-69	\$891	\$873	\$899	\$806	\$895	\$810
70-74	\$939	\$920	\$947	\$849	\$943	\$853
>74	\$995	\$975	\$1,003	\$899	\$999	\$904

\* August 5, 2010

Region 1: Northern 31 counties  
Region 2: Valley 14 counties  
Region 3: Bay Area 6 counties  
Region 4: South Coast 3 counties  
Region 5: Los Angeles County  
Region 6: South 3 counties