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OFFICE OF AIDS
Insurance Assistance Section

Management Memorandum
Memorandum Number: 2013-02

DATE: May 24, 2013
TO: OA-PCIP ENROLLMENT WORKERS
SUBJECT: OA-PCIP PROGRAM UPDATES

The purpose of this memorandum is to provide updates regarding changes to the Office of AIDS-Pre-Existing Condition Insurance Plan (OA-PCIP) Program. On February 15, 2013, the federal government instructed the Managed Risk Medical Insurance Board (MRMIB), the state agency that administers PCIP, to suspend new enrollment after March 1, 2013. All PCIP enrollees were permitted to remain in the program and OA committed to paying the monthly premiums for all OA-PCIP clients through December 31, 2013.

On May 14, 2013, MRMIB informed OA that all California PCIP clients will be transitioned to the federal PCIP effective July 1, 2013. The transition will occur automatically. PCIP clients will not be expected or required to submit a federal PCIP application or any other supporting documentation to the federal PCIP. MRMIB will send a letter to all PCIP clients on May 24, 2013 that describes the transition. Additionally, the federal PCIP will send a letter to all PCIP clients on June 10, 2013 that describes the federal PCIP benefits. The letter will also serve as the client's first bill which must be paid within 30 days from the date of the letter.

By May 31, 2013, OA will send a letter to each OA-PCIP client that describes the benefit changes and out-of-pocket costs. In addition, the letter will notify OA-PCIP clients who wish to transition to the federal PCIP that they must fax the OA-PCIP application to 916.440.5494 or mail it to Insurance Assistance Section, MS 7704, PO Box 997426, Sacramento, CA 95899-7426 in order for OA to pay the monthly federal PCIP premium. The OA-PCIP application will be sent with the letter and OA must receive a signed application by **June 14, 2013**. After the application is received, OA will pay the federal PCIP premiums from July 1, 2013 through December 31, 2013, unless instructed otherwise by the client.

Although the transition to the federal PCIP will be seamless, the benefits provided will *not* be the same. The out-of-pocket costs are higher and the provider and pharmacy networks are different, including:

Change in Coverage

Any amount that a California PCIP client has paid towards their 2013 deductibles will *not* be rolled over to their federal PCIP coverage. Instead the client will be responsible to pay the full medical deductible and all other medical out-of-pocket costs. After the deductible is met, PCIP clients will pay 30% of medical costs until they reach the out-of-pocket maximum. ADAP will pay the prescription deductible and copay for drugs on the ADAP formulary if the medications are dispensed from an In-network federal PCIP and ADAP pharmacy.

To reduce the financial burden of this policy decision, the federal government has reduced the federal deductible rates by 50% for the California PCIP clients. Although the 50% reduction is helpful, the overall out-of-pocket maximum is still higher than California PCIP and it must be paid in six rather than 12 months. Please see the table below for a comparison of rates and deductible amounts between the federal and California PCIPs.

Type	Federal PCIP *including 50% discount	CA PCIP
Medical Deductible	\$1,000	\$1,500
Rx Deductible	\$250	\$500
Co-Insurance	30%	15%
Max Out-of-Pocket	\$3,125	\$2,500

Providers

The federal PCIP does not have a network of providers; instead all providers are considered "In-Network" as long as they will accept the Medicare reimbursement rates. If a California PCIP client elects to continue health insurance coverage with the federal PCIP and their provider does not accept the Medicare reimbursement rates, then that client will need to find a provider who does.

Prescriptions

All Food and Drug Administration approved medications will be covered by the federal PCIP. For the federal PCIP to cover the medications and for ADAP to cover the medication co-pays, the medication must be dispensed from a pharmacy that is In-Network for both the federal PCIP and ADAP.

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PCIP clients can determine if their pharmacy is in the federal network by clicking [here](#). Clients can search by zip code or city. Clients may also call 800.427.6145 for assistance. ADAP clients can determine if their pharmacy is in the ADAP network by clicking on the following link: <http://www.ramsellcorp.com/individuals/ca.aspx>. Clients can search in the "Pharmacy Locator" by city, zip code or county. Clients can also call 888.311.7632 for assistance.

OA will keep you informed of future changes to PCIP and other issues pertaining to health care reform. Please contact Irina Banar at Irina.Banar@cdph.ca.gov or 916.449.5882 or Sara Johnson at Sara.Johnson@cdph.ca.gov or 916.449.5886 if you have any questions.

Thank you,

A handwritten signature in black ink, appearing to read 'RM', with a long horizontal flourish extending to the right.

Richard Martin, Chief
Insurance Assistance Section
Office of AIDS