

**California Department of Health Care Services  
Proposed Trailer Bill Language  
FACT SHEET**

**Issue Title: Reducing Premiums for the Optional Targeted Low-Income Children’s Program (OTLICP), 250 Percent Working Disabled Program (WDP), and Children’s Health Insurance Program (CHIP).** The Department of Health Care Services is proposing to reduce premiums for the OTLICP, 250 Percent WDP, and all programs under CHIP, effective July 1, 2022. The proposal allows the Department to not impose premiums or to reinstate premiums for any impacted state fiscal year via the Medi-Cal Local Assistance Estimate, which is considered during the annual budget process.

**Background:**

***OTLICP***

Effective June 27, 2012, premiums are imposed for individuals whose family income is determined to be above 150 percent and up to and including 200 percent of the federal poverty level (Welfare and Institutions Code (WIC) Section 14005.26(d)(1)(A)).

Effective January 1, 2014, premiums are imposed for individuals whose family income is determined to be above 160 percent and up to and including 266 percent of the federal poverty level. The monthly premiums for this group were set at thirteen dollars (\$13) per child with a maximum contribution of thirty-nine dollars (\$39) per family (WIC Section 14005.26(d)(1)(B)).

***250 Percent WDP***

Effective July 28, 2009, existing law requires premiums for individuals whose income is determined to be up to and including 250 percent of the federal poverty level (WIC Section 14007.9(d)).

***Programs under CHIP***

*County Health Initiative Matching (CHIM) Fund or the County Children’s Health Initiative Program (CCHIP)*

Effective July 1, 2014, W&I Code sections 15850-15864 transferred duties and administration from the Managed Risk Medical Insurance Board to DHCS. This included the administration of the CHIM fund, which allowed local entities to engage in intergovernmental transfer of funds with the state to provide comprehensive health care for individuals who were not eligible for Medi-Cal or MCAP, and whose household income is determined to be at or below 322 percent of the federal poverty level.

On August 11, 2016, the Centers for Medicare and Medicaid Services approved State Plan Amendment (SPA) 14-0001 which identifies these targeted-low income children being provided health care through the CHIM Fund, having incomes above 266 percent of the federal poverty level up to and including 322 percent of the federal poverty level. CHIM, also referred to as CCHIP, operates in San Francisco, San Mateo, and Santa Clara Counties only.

*Medi-Cal Access Program (MCAP) and Medi-Cal Access-Linked Infants (MCAIP)*  
Effective July 1, 2014, existing law covers pregnant individuals with household incomes above 213 percent of the federal poverty level but not to exceed 322 percent of the federal poverty level. Access-linked infants born to individuals enrolled MCAP are eligible for MCAIP (WIC Section 15849).

Subscriber contributions were established as a cost for the individual to participate in MCAP, at a rate of 1.5 percent of the household income. For Access-linked infants enrolled in MCAIP, a subscriber contribution was established as a monthly premium of thirteen dollars (\$13) per child with a maximum contribution of thirty-nine dollars (\$39) per family.

**Justification for the Change:** Over 500,000 Californians, including the population identified in this proposal, are required to make monthly premium payments to keep their health coverage. This requirement places an undue economic burden on individuals and families. Monthly premium payment requirements create barriers in access to care and can lead to unnecessary breaks in coverage for eligible individuals. Improving health care affordability and removing barriers to care for families and disabled individuals aligns with the Administration priorities. By reducing monthly premiums for the programs described above, individuals and families will have increased financial security while maintaining access to affordable healthcare.

**Summary of Arguments in Support:**

- Reduces the financial burden of paying for health care coverage for approximately 500,000 Medi-Cal enrollees who currently pay for premiums.
- Improves health care affordability and removes barriers to care.

**Estimate Issue # and Title:**

- PC 7: Medi-Cal Access Program Mothers 213-322% FPL
- PC 11: County Children's Health Initiative Program
- PC 12: Medi-Cal Access Infant Program 266-322% FPL
- PC 24: CHIP Premiums