



DEPARTMENT OF HEALTH & HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES
REGION IX

90 7th Street
Suite 5-300 (5W)
San Francisco, CA 94103

Refer to: DMCHO-PMB-MLB

MAR 4 2008

Stan Rosenstein
Chief Deputy Director of Health Care Programs
California Department of Health Care Services
1501 Capitol Avenue, MS 0002
P.O. Box 997413
Sacramento, CA 95899-7413

Dear Mr. Rosenstein:

Enclosed is an approved copy of California State plan amendment (SPA) No. 07-002, effective January 1, 2008. This SPA amends pages 1-3 of Attachment 4.22C and proposes to remove outdated program information and to revise State plan language to provide the necessary clarity and detail to enable the State to implement and administer the Health Insurance Premium Payment (HIPP) program consistent with state and Federal law.

If you have any questions please call Michelle Baldi at (415) 744-3656.

Sincerely,

Original Signed

Linda Minamoto
Associate Regional Administrator
Division of Medicaid & Children's Health Operations

cc: Kathryn Waje, California Department of Health Care Services
Jeff Blackmon, California Department of Health Care Services
Christine Gerhardt, CMS Center for Medicaid and State Operations
Phil Otto, CMS Center for Medicaid and State Operations

HEALTH CARE FINANCING ADMINISTRATION

**TRANSMITTAL AND NOTICE OF APPROVAL
OF STATE PLAN MATERIAL**

FOR: HEALTH CARE FINANCING ADMINISTRATION

| | |
|---|-----------------------------|
| 1. Transmittal Number: 07-002 | 2. State: California |
| 3. Program Identification: Title XIX of the Social Security Act (Medicaid) | |
| 4. Proposed Effective Date January 1, 2008 | |

TO: Regional Administrator

Health Care Financing Administration
Department of Health and Human Services

5. Type Of Plan Material (Check One):

- New State Plan Amendment To Be Considered As New Plan AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

| | |
|--|---|
| 6. Federal Statute/Regulation Citation: Social Security Act 1906, 42 USC 1396b (a)(1), and 42 USC 1396e (a) | 7. Federal Budget Impact: a. FFY <u>2007-2008</u> \$ 4,200,000 Cost Savings b. FFY <u>2008-2009</u> \$ 4,200,000 Cost Savings |
| 8. Page Number of the Plan Section or Attachment: Attachment 4.22-C, Pages 1, 2 and 3 <i>ym</i> | 9. Page Number of the Superseded Plan Section or Attachment (If Applicable): TN 96-002, Attachment 4.22-C, Pages 1, 2 and 3 |

10. Subject of Amendment:

Health Insurance Premium Payment (HIPP) Program Criteria and Language Update

11. Governor's Review (Check One):

- Governor's Office Reported No Comment Other, as specified: The governor's office does not wish to review State Plan Amendments.
 Comments of Governor's Office Enclosed
 No Reply Received Within 45 Days of Submittal

14. Title:
Chief Deputy Director, Health Care Programs

15. Date Submitted:

16. Return To:

Department of Health Care Services
Attention: State Plan Coordinator
1501 Capitol Avenue, MS 4506
Sacramento, CA 95814

FOR REGIONAL OFFICE USE ONLY

17. Date Received:
December 18, 2007

PLAN APPROVED – ONE

19. Effective Date of Approved Material:
January 1, 2008

21. Typed Name:
Linda Minamoto Original Signed

23. Remarks:

State/Territory: California

**State Methodology on Cost-Effectiveness of Individual and
Group Health Plans**

- I. The methodology used by California for determining cost-effectiveness of paying private or employer related health insurance premiums for existing coverage shall be as follows:
- A. Any Medi-Cal beneficiary who has an existing, medically confirmed, medical condition that has been determined by the Department of Health Care Services (DHCS) to be a cost-effective condition is deemed to meet the cost-effectiveness criteria for the Health Insurance Premium Payment (HIPP) program.
 - B. If A is not applicable, then the following steps are used to determine cost-effectiveness:
 - Step 1.** Use the insurance carrier evidence of coverage policy booklet to identify that health care services provided to the individual and/or family is covered for the specific condition.
 - Step 2.** Calculate cost-effectiveness by using the amount Medi-Cal would pay for the specific condition annually, deduct the individual's and/or family's Share of Cost (SOC), then divide by the annual insurance premium cost.
 - Step 3.** If the result is 1.1 or more, it is cost-effective to pay the premiums for an individual and/or family.

NOTE: The HIPP program shall pay the premiums for additional family members, who are not HIPP eligible, if the individual's premium amount cannot be separated from the family premium amount. In determining cost-effectiveness, the entire cost of the premium will be calculated against the estimated medical costs associated with the Medi-Cal eligible beneficiary.

- II. Purchasing or paying for health insurance coverage is deemed NOT cost-effective when:
- A. A Medi-Cal/Medicare beneficiary is enrolled in Medicare.
 - B. A Medi-Cal beneficiary's insurance is provided through the Major Risk Medical Insurance Board or the Managed Risk Medical Insurance Program.
 - C. A non-custodial parent has been ordered by the court to provide medical support.

TN No. 07-002

Approval Date MAR 4 2008

Effective Date 01/01/2008

Supersedes

TN No. 96-002