AGENDA
SUBCOMMITTEE NO. 1
ON HEALTH AND HUMAN SERVICES

ASSEMBLYMEMBER PATTY BERG, CHAIR

TUESDAY, MAY 22, 2007
STATE CAPITOL, ROOM 4202
3:30 P.M.

OTHER ISSUES AND PROPOSED ACTIONS

STAFF PROPOSED CONSENT ACTIONS

4260 DEPARTMENT OF HEALTH CARE SERVICES

1. **May Revision—Family Health Programs.** Approve the May Revision adjustments for Family Health Programs.

    a. ***Child Health Disability Prevention (CHDP) Program.*** The May Revision proposes total expenditures of $2.8 million ($2.7 million General Fund) for this program which reflects a decrease of $209,000 (General Fund) as compared to January. This minor reduction is due to standard caseload and utilization of services adjustments. No policy changes are proposed. CHDP provides pediatric prevention health care services to (1) infants, children and adolescents up to age 19 who have family incomes at or below 200 percent of poverty, and (2) children and adolescents who are eligible for Medi-Cal services up to age 21.

    b. ***Genetically Handicapped Persons Program (GHPP).*** The May Revision proposes total expenditures of $49.5 million for an increase of $160,000 (increase of $12.7 million General Fund, reduction of $3 million in Rebates and a reduction of $9.5 million in federal funds) as compared to the January budget. Of the proposed General Fund increase, $9.5 million is due to a fund shift. Previously, the Administration was using federal funds from the state's Medicaid Waiver for Hospital Financing (safety net care pool funding), to backfill for General Fund support. The May Revision shifts these federal funds to the Medi-Cal Program, resulting in General Fund savings there. As such, there is no overall General Fund increase from this change. The May Revision reflects a $3 million General Fund increase to offset a reduction of $3 million in special Rebate Fund moneys which were to be available under the program and now will not be captured in 2007-08.No policy changes are proposed for the program.

    c. ***California Children's Services.*** The May Revision proposes total expenditures of $234.7 million ($96.4 million General Fund) which reflects an overall decrease of $3 million (increase of $37.9 million General Fund, decrease of $40.9 million federal funds). The decrease does not reflect any policy changes. Of the proposed increase to the General Fund, $37.3 million is due to the shift of federal funds available through the state's Medicaid Waiver for Hospital Financing (the safety net care pool funding) to backfill for General Fund support to the Medi-Cal Program. As such, there is no overall General Fund increase attributable to this fund shift.

2. **May Revision—Medi-Cal Estimate.** Adopt the May Revision Estimate as new baseline. The entire Medi-Cal Estimate is recalculated at the May Revision. As such, the Medi-Cal Estimate package to technically be adopted as a baseline and *then* individual issues are adjusted as needed (as discussed in individual issues noted in the Agenda or as adjustments to previous actions affecting Medi-Cal). The May Revision proposes Medi-Cal Program expenditures of $37.7 billion ($13.768 billion General Fund), excluding special funds provided to hospitals. This reflects a *net* increase of $330.3 million compared to the January budget. Most of this increase is in federal funds—the General Fund increase is only $39.4 million. Estimated expenditures are shown below by category.

Medi-Cal Component	**May Revision 2007-08 Estimate**
Medical Care Services	$34.743 billion ($13.765 billion General Fund)
County Administration	$2.685 billion ($800 million General Fund)
Fiscal Intermediary	$303.2 million ($102.7 million General Fund)
TOTAL	$37.732 billion ($14.668 billion General Fund)

The average monthly caseload is projected to be 6,603,000 Medi-Cal enrollees which represents a decrease of 98,000 people, or 1.5 percent from the January budget.

4265 DEPARTMENT OF PUBLIC HEALTH

1. **April Finance Letter--Nuclear Planning Special Account Inflation Adjustment**—. Approve special fund increase of $32,000 for inflation adjustment pursuant to existing law.

2. **April Finance Letter Request—Proposition 84 Safe Drinking Water Bond Funds.** Approve the Finance Letter request for a total of $45.25 million for local assistance and $2.042 million and 16.5 positions for support with the following modifications to enhance accountability and oversight:

    a. Specify in Budget Bill language the individual amounts for each of the program components for local assistance: Safe Drinking Water Emergency Grants ($9.05 million), Small Community Infrastructure Improvements ($27.15 million), and Groundwater Contamination ($9.05 million). The scheduled amounts reflect the expenditure plan proposed by the administration.

    b. Reject the proposed language making the appropriation available for three years. Annual oversight is more appropriate for these new bond funds.

3. **May Revision—Office of AIDS Programs.** The May Revision recognizes $17.1 million of additional drug rebate revenue and a $10.5 million reduction in the estimate for the AIDS Drug Assistance Program (ADAP). Of this amount, $9.285 million is proposed as an offset to General Fund costs for ADAP. The remaining funds are used to augment Early Intervention ($5.23M); Therapeutic Monitoring ($4 million); Home and Community-Based Care case management program ($3.5M); and Care Services--Consortia ($5.6 million). The department states that these funding revisions will not result in caseload reductions or limitations to current levels of service. The May Revision also proposes Budget Bill language to *allow* the department to allocate up to $1.8 million of the General Fund support to backfill six Eligible Metropolitan Areas for an anticipated loss of federal funds to support the transition of care and treatment service delivery.

Proposed Actions: Approve the May Revision funding changes—this includes accepting the May Revision allocation of $4 million of non-General Fund money to increase Therapeutic Monitoring to replace the $4.5 million General Fund augmentation for this purpose that the subcommittee adopted on March 26th. (There is no change to the subcommittee previous action restoring the Education and Prevention Program). In addition, to clarify legislative intent the proposed Budget Bill language should be modified as follows:

"2. Of the funds appropriated in this item, the Office of AIDS ~~may~~ ***shall*** redirect up to $1.8 million from the AIDS Drug Assistance Program to support the transition of HIV/AIDS care and treatment service delivery systems in up to six federally designated Eligible Metropolitan Areas (EMAs) if federal funding for an EMA declines. The funding made available through this redirection to any EMA shall not exceed the EMA's funding shortfall relative to its 2006 grant award."

4. **May Revision—Reappropriations.** Approve May Revision requests for the adoption of the following reappropriations:

Infant Botulism Treatment and Prevention Fund
(1) Item 4260-001-0272, Budget Act of 2006 (Chapters 47 and 48, Statutes of 2006). Funds appropriated in this item for the Infant Botulism Treatment and Prevention Program are available for expenditure during **2007-08 fiscal year**, subject to the provisions of that appropriation.

Water Security, Clean Drinking Water, Coastal and Beach Protection Fund of 2002 (Proposition 50 Bond Funds)
(1) Item 4260-111-6031, Budget Act of 2005 (Chapters 38 and 39, Statutes of 2005). Funds appropriated in this item for the Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002 are available for expenditure during **2007-08 fiscal year**, subject to the other provisions of that appropriation.
(2) Item 4260-115-6031, Budget Act of 2005 (Chapters 38 and 39, Statutes of 2005). Funds appropriated in this item for the Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002 are available for expenditure during **2007-08 fiscal year**, subject to the other provisions of that appropriation.
(3) Item 4260-111-6031, Budget Act of 2006 (Chapters 47 and 48, Statutes of 2006). Funds appropriated in this item for the Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002 are available for expenditure during **2007-08 and 2008-09 fiscal years**, subject to the other provisions of that appropriation.
(4) Item 4260-115-6031, Budget Act of 2006 (Chapters 47 and 48, Statutes of 2006). Funds appropriated in this item for the Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002 are available for expenditure during **2007-08 fiscal year and 2008-09 fiscal years**, subject to the other provisions of that appropriation

Vital Records Image Redaction and Statewide Access Project
(1) Item 4260-001-0099, Budget Act of 2006 (Chapters 47 and 48, Statutes of 2006). Funds appropriated in this item for the VRIRSA and the related computerization of vital records are available for expenditure during the 2007-08 fiscal year, subject to the provisions of that appropriation.
(2) Item 4260-111-0099, Budget Act of 2006 (Chapters 47 and 48, Statutes of 2006). Funds appropriated in this item for the VRIRSA are available for expenditure during the 2007-08 fiscal year, subject to the provisions of that appropriation.

The proposed reappropriation language would enable the Department of Public Health to expend Infant Botulism Treatment and Prevention Funds from 2006 through June 30, 2008. For the Proposition 50 Bond Funds for water projects, it would provide reappropriation authority through until June 30, 2008 for certain funds, and through June 30, 2009 for other funds as noted in the language above. For the Vital Records Image Redaction and Statewide Access Project (VRIRSA), it would provide reappropriation authority through 2008.

5. **May Revision—Technical Correction.** Approve May Revision requests a technical adjustment regarding the establishment of the Department of Public Health (DPH). It proposes to increase federal funds by $8.258 million of federal grant funds received under the Refugee Resettlement Program. These funds were inadvertently omitted from the DPH budget by the Administration. The DPH will receive these federal grant funds and will in turn provide the Department of Health Care Services (DHCS) these funds via an interagency agreement to pay for health care services for new refugee arrivals in the state. This arrangement is necessary because the DPH has administrative authority over the entire Refugee Health Assessment Program.

6. **May Revision—Genetic Disease Testing Program.** Approve May Revision adjustments. The May Revision proposes total expenditures of $118.3 million (Genetic Disease Testing Fund) in local assistance for the Genetic Disease Testing Program. This reflects a minor overall reduction of $526,000 (Genetic Disease Testing Fund) for the Newborn and Prenatal Screening Programs resulting from a decrease in system development and equipment expenditures, and increases in reagent costs and the number of infants requiring Newborn Diagnostic Services.

4280 MANAGED RISK MEDICAL INSURANCE BOARD

1. **May Revision—County Health Initiative Matching Fund Program.** Approve May Revision decrease of $357,000 ($232,000 federal S-CHIP Funds and $125,000 in county funds) as a result of caseload and expenditure adjustments received from the county pilot projects (i.e., San Francisco, San Mateo, and Santa Clara), as well as an updated estimate for Santa Cruz which is slated to commence soon. County governments and public entities provide local matching funds to draw down federal S-CHIP funds for their Healthy Kids Programs (i.e., children 250 to 300 percent of poverty who are citizens). The State Plan Amendment approved by the federal CMS provides for three pilot counties (i.e., San Francisco, San Mateo, and Santa Clara) with a phase-in of additional counties.

2. **May Revision—Healthy Families Program.** Approve the May Revision Estimate as a new baseline. Individual issues regarding policy changes are discussed as separate issues. A total of $1.114 billion ($400.4 million General Fund, $703.9 million Federal Title XXI (SCHIP) Funds, $2.2 million Proposition 99 Funds, and $7.6 million in reimbursements) is proposed for the Healthy Families Program (HFP) in 2007-08. The May Revision reflects an overall *increase* of $23.8 million ($8.2 million General Fund) as compared to the January budget.

   The proposed adjustments mainly reflect (1) an average increase of 3.1 percent in the rates paid to participating health plans, dental plans, and vision plans (for children aged 1 to 19 years); (2) an average increase of 3.2 percent in the rates paid to plans serving infants (aged 0 to 1 year); (3) an increase in caseload of 3,918 children, as noted below; and (4) updated data for the Certified Application Assistance Incentive payments. The rate increase for plans serving children aged 1 to 19 years means that on average participating plans will receive $98.88 per member per month. For those plans serving infants, they will receive on average $237.14 per member per month. The Managed Risk Medical Insurance Board (MRMIB) negotiates rates with the plans. The May Revision assumes a total enrollment of 919,516 children as of June 30, 2008, an increase of 3,918 children as compared to the January budget. The May Revision caseload reflects an increase of about 7.7 percent over the revised current-year.

OTHER ISSUES AND PROPOSED ACTIONS

4260 DEPARTMENT OF HEALTH CARE SERVICES

1. **AB 2911 (Nunez), Statutes of 2006—Budget Proposal and May Revision**

This legislation created the California Discount Prescription Drug Program to improve access to affordable prescription drugs by lower-income Californians. The state will negotiate with drug manufacturers and pharmacies for rebates and discounts to reduce prescription drug prices for uninsured and underinsured lower-income individuals. Participants may be uninsured California residents with incomes below 300 percent of the federal poverty level, individuals at or below the median family income with unreimbursed medical expenses equal to or greater than 10 percent of the family's income, share-of-cost Medi-Cal enrollees, and Medicare Part D enrollees that do not have Medicare coverage for a particular drug. Enrollment in the program is to be simple and most likely will occur through local pharmacies. The only fees charged to individuals will be charge a $10 initial enrollment fee and an annual $10 re-enrollment fee. The legislation allows pharmacies and providers to keep the $10 enrollment fee as payment for their assistance. The proposal includes trailer bill language to continuously appropriate the California Drug Discount Prescription Drug Program Fund, which will receive drug manufacturer rebates that will be used to reimburse pharmacies for discounts. This will ensure timely payments to pharmacies.

The Governor's Budget requested $2 million and 16 positions to implement this program. The budget also included $6.8 million for a contractor to design, develop and implement the client enrollment and claims reimbursement functions of the operations. The enabling legislation allows the DHCS to contract with a vendor for these aspects of the program.

Governor's May Revision. The May Revision proposes to **(1)** technically reallocate contract support funds to local assistance to be consistent with budgeting methodology, and **(2)** reduce funding by $2.5 million for 2007-08 to reflect reduced expenditures for the vendor Fiscal Intermediary contract. The DHCS now anticipates that the contract costs will be lower than originally budgeted.

Proposed Action: Approve with May Revision Changes and a Technical Correction. The technical correction places the local assistance appropriation in Item 4260-119-8048 instead of 4260-101-8040. This will help distinguish this program from Medi-Cal, which uses the "101" object code.

2. Medi-Cal Managed Care Rates

The May Revision includes an increase of **$214.3 million ($107.1 million General Fund) is proposed for the capitated rates.** The DHCS states that this proposed increase is based on the plan-specific, experienced-based rate methodology developed as the result of the Mercer Report. It should be noted that 50 percent of the total proposed increase, or $106.3 million ($53.1 million General Fund), is budgeted to "hold harmless" health plans for one-year from any negative results of the revised rate methodology. The DHCS states that consistent with past practices when changing rates or rate methodologies, the Administration is maintaining capitation payments for certain health plans at the 2006-07 levels for one year (i.e., through a one-year contract period)**.** The actual rates to be paid to each Medi-Cal Managed Care participating health care plan will *not* be determined until after the budget is enacted. The DHCS intends to meet with each plan to discuss and negotiate the actual rates based on available data and analysis.

It should be noted that the DHCS is implementing *some but not all* of the recommendations of the Mercer Report in 2007-08. The Administration states that due to factors such as timing and the required data processing and analysis of some aspects of the Mercer recommendations, 2007-08 is a transitional year, and that DHCS will implement the remaining recommendations targeted for adoption in "future" years. The new rates are based on plan-specific and county-specific data, for example, and DHCS did not constrain the rates with a "budget adjustment factor" as in past years. However, the 2007-08 rates do not include some Mercer recommendations, such as "pay-for-performance" and plan-specific risk adjustments.

Trailer Bill Proposal—Transfer COHS Ratemaking Authority to DHCS. The May Revision proposes trailer bill language to transfer the authority to establish Medi-Cal Managed Care rates to the Department of Health Care Services (DHCS) from the California Medical Assistance Commission (CMAC) for the County Organized Health Systems (COHS). Presently CMAC formally "negotiates' rates with COHS, but it does so based on information and direction provided by DHCS. Furthermore, in the case of COHS, which serve almost all Medi-Cal beneficiaries within their counties, there is no competitive framework within which to negotiate. Direct ratesetting by DHCS will be simpler and more transparent.

Trailer Bill Proposal--Quality Improvement Fee Extension. The May Revision proposes trailer bill language that would **(1)** extend the sunset date for the Quality Improvement Fee on Medi-Cal Managed Care plans from January 1, 2009 to October 1, 2009 to correspond to the timeline established in the federal Deficit Reduction Act of 2005 (DRA); and **(2)** adjust the amount of the Quality Assurance Fee from its current 6 percent to 5.5 percent as required by the federal DRA, effective January 1, 2008,. The fiscal affect of this change is that $10.1 million (total funds) will be reduced from the baseline Medi-Cal Managed Care funding level. These changes are needed to comply with and be consistent with federal law.

Proposed Action—Approve May Revision Requests. This action would approve the rate increases to begin implementation of the new managed care rate methodology and the two trailer bill provisions discussed above.

3. May Revision—Replace Federal Funds for Minor Consent Medi-Cal Services

The May Revision replaces $20.044 million of federal Medicaid matching funds with an equivalent amount of General Fund support for Medi-Cal "Minor Consent" services. To protect the ability of minors to access pregnancy services, the department is proposing to forego federal funding by not enforcing new DRA citizenship and identification requirements for minors independently seeking these services. In the future the department may be able to request federal funding for minors who voluntarily provide identification that can be electronically matched with birth records, but DCHS indicates that this will require system changes which will take some time to accomplish.

Technical Adjustment. The department has identified a technical overstatement of $1.15 million in its May Revision request, resulting in a corrected request of $18.894 million.

Proposed Action. Approve the corrected May Revision request.

4. Medi-Cal Pharmacy Reimbursements—Conversion to AMP Basis

The Governor's Budget proposes adoption of Trailer Bill language to enable DHCS to change the basis on which Medi-Cal pays pharmacies for prescription drugs. Currently the basis of payment is Average Wholesale Price (AWP) minus 17 percent. The proposed language would allow payment to be *based on* Average Manufacturer Price's Price (AMP), which generally is lower than AWP. However, the language does not require the department to set the price *at* the AMP, so actual Medi-Cal drug cost reimbursement rates probably would be set at some markup over AMP that has not yet been determined. This change is related to changes in federal law that will make AMP data available to state Medicaid programs for the first time and that requires states to base their drug reimbursements on AMP data.

The Medi-Cal May Revision estimate includes savings related to this proposal of $77.4 million ($38.7 million General Fund), assuming implementation in September 2007. However, this savings estimate includes the effects of two additional changes that are not necessarily dependent on the trailer bill language. These consists of (1) implementing a revised "Federal Upper Payment Limit" (FUL) equal to 250 percent of AMP for generic drugs; and (2) recognizing an upcoming settlement agreement between the federal government and First Data Bank (the company that provides Medi-Cal's current AWP pricing information) that is expected to reduce the existing AWP benchmark for many single-source (brand name drugs) by about 5 percent. The department is not able to identify how much of the overall savings would be due to each of the three changes. In part, because the federal government has not yet released the actual AMP data or issued specific guidance on the new federal drug pricing requirements.

Dispensing Fees. In addition to payment for drug costs, pharmacies generally receive a dispensing fee of $7.25 per prescription from Medi-Cal. Pharmacies have expressed concern that if their reimbursement for drug costs is reduced, then the existing dispensing fee may need to be increased in order to cover their overall costs. Otherwise, there might be a loss of access to pharmacy services by Medi-Cal beneficiaries. The current proposal does not include any change in dispensing fees.

Dispensing Fee Changes Would Be Premature. While the adequacy of the dispensing fee is a valid issue and may need to be addressed at some point, there is no basis on which to make an adjustment at present. This is because actual changes in drug cost reimbursements to pharmacies have not yet been established. Furthermore, any changes could affect prices for individual drugs or drug classes, as well as for generic drugs versus sole-source drugs, in different ways. Also, the department currently is conducting a study of dispensing fees, the results of which will assist in determining if adjustments are warranted.

Proposed Action: Recognize the May Revision savings estimate and adopt the administration's proposed Trailer Bill language as placeholder language to facilitate further discussion in Conference.

5. Nursing Home Rates and Quality Assurance (QA) Fee Authority

The May Revision continues the Administration's proposal to modify the rate methodology established in AB 1629 (Frommer) of 2004, which implemented a facility specific rate setting system for facilities providing long-term care services (nursing homes).

Specifically, the May Revision proposal does the following:

1. Reduces by $32.6 million ($16.3 million General Fund) the amount paid to nursing homes in 2007-08 by reducing the rate "growth cap" to 4.5 percent, instead of 5.5 percent. The proposed 4.5 percent growth cap would be effective as of August 1, 2007.

2. Limits future rate growth. The maximum annual increase in the weighted average Medi-Cal rate for nursing homes would be adjusted based on a "medical" consumer price index.

3. Extends the sunset date for this nursing home rate methodology and for the QA fee by one year, from July 31, 2008 to July 31, 2009. Under AB 1629, nursing homes pay a QA fee of 6 percent of their revenues (excluding Medicare) to the state. The state obtains federal matching funds and returns most of the money to nursing homes in higher rates—the General Fund also receives a portion of the net benefit.

Proposed Actions: The proposed actions are as follows:

1. Reject the reduction in the rate growth cap for 2007-08 (GF cost of $16.3 million).

2. Establish a future annual rate growth cap of 5.5 percent (the same as in 2007-08).

3. Extend the AB 1629 sunset by one year.

4280 MANAGED RISK MEDICAL INSURANCE BOARD

1. May Revision--Healthy Families to Medi-Cal Bridge Program

The May Revision proposes trailer bill language and a *net* decrease of $3.8 million (decrease of $1.3 million General Fund) in the Healthy Families Program, with an increase of $2.8 million ($1.4 million General Fund) in the Medi-Cal Program for 2007-08. These changes are needed **to implement a "presumptive eligibility" process to replace the existing Healthy Families Program to Medi-Cal "bridge."** The bridge has provided two additional months of Healthy Families Program (HFP) eligibility (with a 65-percent federal match) for children whose family income level has decreased so that the child is likely eligible for Medi-Cal. The "presumptive eligibility" process will provide up to 60-days of Medi-Cal eligibility coverage. This provides a reasonable time for the child to complete enrollment in the Medi-Cal. Due to the proposed change, the state will no longer be receiving the federal S-Chip 65 percent match for the "bridge" but instead, will be receiving the federal Medicaid 50 percent match for the "presumptive eligibility".

California's existing Waiver to operate a Healthy Families Program to Medi-Cal "bridge" expired as of January 1, 2007, and the Administration has not been able to extend this waiver under acceptable conditions.

When a child is discontinued from HFP due to lower income, for example, presumptive eligibility through the Medi-Cal Program will be provided by submitting a Medi-Cal application for the child through the "Single Point of Entry" (i.e., where joint program applications are processing by the HFP Administrative vendor). Medi-Cal accelerated enrollment will then be established for the child (meaning the child can receive timely health care services through the Medi-Cal Fee-for-Service system). Medi-Cal already has federal authority to operate presumptive eligibility mechanisms, as well as accelerated enrollment. A downside of this arrangement (in addition to lower federal match) is that these children will have to leave their HFP health plan and obtain service on a fee-for-service basis in Medi-Cal for several months, even if their HHP plan also participates in Medi-Cal managed care.

Proposed Action--Approve. Approve the May Revision budget changes and Trailer Bill language for the replacement of the HFP to Medi-Cal Bridge program.

2. May Revision--Access for Infants and Mothers (AIM) Program

The May Revision requests $8.3 million from the General Fund to backfill a reduction in Proposition 99 funding. The May Revision estimates a total cost of $133.2 million ($8.3 million General Fund, $51.6 million Perinatal Insurance Fund and $73.3 million federal funds) for AIM in 2007-08. This funding level reflects an overall net decrease of $5.5 million in total funds largely due to federal fund changes resulting from corrections to the way subscriber contributions are budgeted.

Revenue projections for Proposition 99 Funds (Cigarette and Tobacco Product Surtax) have declined. Proposition 99 Funds are deposited into the Perinatal Insurance Fund for expenditure for AIM and are used to draw down the federal match. The May Revision proposes to backfill this Proposition 99 revenue decline with $8.3 million from the General Fund in order to maintain the program.

AIM provides health insurance coverage to women during pregnancy and up to 60 days postpartum. Eligibility is limited to families with incomes from 200 to 300 percent of the poverty level. Subscribers pay premiums equal to 2 percent of the family's annual income. Infants born to AIM women are automatically enrolled in the Healthy Families Program (HFP) at birth.

Legislative Analyst's Office Comment. The LAO questions whether there may be excess Proposition 99 Funds that could be shifted from the Major Risk Medical Insurance Program (MRMIP), the state's high-risk pool, which provides comprehensive health insurance benefits to individuals who are unable to purchase private coverage on their own. Shifted funds could reduce or eliminate the General Fund backfill for AIM.

The LAO states that MRMIP enrollment has been below the enrollment cap for the past few months. However, LAO has not been able to compare current-year projected expenditures with actual expenditures because payment requests from MRMIP participating health plans have not yet been received.

The MRMIB indicates that the largest participating health plan in the MRMIP is Blue Cross of California, which has not yet submitted its 2006 claims and that an analysis of the MRMIP benefit plan design being conducted which will not be available until June.

Proposed Action--Approve. Approve the May Revision funding request. Diverting funds from the MRMIP program would be premature at this time, but may warrant further evaluation when additional information is available.