

2400 Department of Managed Health Care

The mission of the Department of Managed Health Care is to help California consumers resolve problems with their Health Maintenance Organizations (HMOs) and to ensure a better, more solvent and stable managed health care system through:

- Administration and enforcement of California's HMO patient rights laws.
- Operating the 24-hour-a-day Help Center.
- Licensing and overseeing all HMOs in the state.

3-YR EXPENDITURES AND PERSONNEL YEARS

	Personnel Years			Expenditures		
	2009-10	2010-11	2011-12	2009-10*	2010-11*	2011-12*
30 Health Plan Program	226.8	234.4	248.0	\$38,030	\$48,563	\$52,381
50.01 Administration	77.7	86.5	86.5	7,903	9,863	10,264
50.02 Distributed Administration	-	-	-	-7,903	-9,863	-10,264
TOTALS, POSITIONS AND EXPENDITURES (All Programs)	304.5	320.9	334.5	\$38,030	\$48,563	\$52,381
FUNDING				2009-10*	2010-11*	2011-12*
0890 Federal Trust Fund				\$-	\$1,000	\$-
0933 Managed Care Fund				37,720	46,418	51,202
0995 Reimbursements				310	1,145	1,179
TOTALS, EXPENDITURES, ALL FUNDS				\$38,030	\$48,563	\$52,381

LEGAL CITATIONS AND AUTHORITY

DEPARTMENT AUTHORITY

Health and Safety Code Sections 1340-1399.818 inclusive; California Code of Regulations, Title 28, Sections 1000-1300.826.

MAJOR PROGRAM CHANGES

- The Governor's Budget proposes 13 positions and \$1.8 million for the Department of Managed Health Care (DMHC) to ensure health care plans implement requirements of the federal Patient Protection and Affordable Care Act (PPACA) that take effect in 2011-12. These include requirements that health care plans abide by minimum medical loss ratios and offer dependent care coverage until age 26. Beginning in 2011-12 the PPACA also will prohibit health plans from imposing lifetime benefits limits, imposing cost-sharing for preventive services, and failing to provide coverage to dependents under age 19 due to pre-existing conditions.
- The Governor's Budget includes two positions and \$1 million for the DMHC to ensure health care plans abide by PPACA requirements governing the imposition of unreasonable rate increases. Included is \$600,000 to contract for actuarial services to aid in the review of rate increases.

DETAILED BUDGET ADJUSTMENTS

	2010-11*			2011-12*		
	General Fund	Other Funds	Personnel Years	General Fund	Other Funds	Personnel Years
Workload Budget Adjustments						
Other Workload Budget Adjustments						
• Control Section 3.60 Adjustment	\$-	\$645	-	\$-	\$645	-
• Miscellaneous Adjustment for ProRata	-	-	-	-	352	-
• Health Care Adjustment (Item 9800)	-	101	-	-	173	-
• Control Section 3.91 Adjustment - Contracts and Administrative Reduction	-	-2,133	-	-	-540	-
• Control Section 3.90 Adjustment - Workforce Cap Reduction	-	-1,313	-13.8	-	-1,313	-13.8
Totals, Other Workload Budget Adjustments	\$-	-\$2,700	-13.8	\$-	-\$683	-13.8
Totals, Workload Budget Adjustments	\$-	-\$2,700	-13.8	\$-	-\$683	-13.8
Policy Adjustments						
• Health Care Reform	\$-	\$-	-	\$-	\$1,776	12.0
• SB 1163 Premium Rate Review	-	-	-	-	1,024	1.9

* Dollars in thousands, except in Salary Range.

2400 Department of Managed Health Care - Continued

	2010-11*			2011-12*		
	General Fund	Other Funds	Personnel Years	General Fund	Other Funds	Personnel Years
• Federal Grant for Insurance Premium Rate Review	-	1,000	-	-	-	-
Totals, Policy Adjustments	\$-	\$1,000	-	\$-	\$2,800	13.9
Totals, Budget Adjustments	\$-	-\$1,700	-13.8	\$-	\$2,117	0.1

PROGRAM DESCRIPTIONS

30 - HEALTH PLAN PROGRAM

The Health Plan Program's objective is to assure the accessibility and availability of medically necessary health care delivered to the public with appropriate quality-of-care oversight and through financially sound managed care plans. Through focused collaboration and coordination, these programs advance sound health policy and "The Right Care at the Right Time" for all Californian enrollees. The program licenses health care service plans, conducts routine and non-routine financial and medical surveys, works to implement the federal health care reform provisions in California including health plan premium rate review, and operates a consumer services toll-free complaint line (1-888-466-2219). Within this program, the Office of the Patient Advocate helps educate consumers about their rights and responsibilities.

50 - ADMINISTRATION

The Administration Program provides services essential for the administration of the Department and its programs, including the Executive Office, Administrative Services, and Information Technology Support.

DETAILED EXPENDITURES BY PROGRAM

		2009-10*	2010-11*	2011-12*
PROGRAM REQUIREMENTS				
30	HEALTH PLAN PROGRAM			
	State Operations:			
0890	Federal Trust Fund	\$-	\$1,000	\$-
0933	Managed Care Fund	37,720	46,418	51,202
0995	Reimbursements	310	1,145	1,179
	Totals, State Operations	\$38,030	\$48,563	\$52,381
ELEMENT REQUIREMENTS				
30.10	Health Care Service Plans	\$35,912	\$46,265	\$50,013
	State Operations:			
0890	Federal Trust Fund	-	1,000	-
0933	Managed Care Fund	35,702	44,120	48,834
0995	Reimbursements	210	1,145	1,179
30.20	Office of Patient Advocate	\$2,118	\$2,298	\$2,368
	State Operations:			
0933	Managed Care Fund	2,018	2,298	2,368
0995	Reimbursements	100	-	-
	TOTALS, EXPENDITURES			
	State Operations	38,030	48,563	52,381
	Totals, Expenditures	\$38,030	\$48,563	\$52,381

EXPENDITURES BY CATEGORY

1 State Operations	Positions/Personnel Years			Expenditures		
	2009-10	2010-11	2011-12	2009-10*	2010-11*	2011-12*
PERSONAL SERVICES						
Authorized Positions (Equals Sch. 7A)	304.5	354.0	354.0	\$18,351	\$24,144	\$24,785
Total Adjustments	-	-	15.0	-	-1,545	1,204
Estimated Salary Savings	-	-33.1	-34.5	-	-1,067	-1,149

* Dollars in thousands, except in Salary Range.

2400 Department of Managed Health Care - Continued

1 State Operations	Positions/Personnel Years			Expenditures		
	2009-10	2010-11	2011-12	2009-10*	2010-11*	2011-12*
Net Totals, Salaries and Wages	304.5	320.9	334.5	\$18,351	\$21,532	\$24,840
Staff Benefits	-	-	-	6,510	8,268	9,539
Totals, Personal Services	304.5	320.9	334.5	\$24,861	\$29,800	\$34,379
OPERATING EXPENSES AND EQUIPMENT				\$13,169	\$18,763	\$18,002
TOTALS, POSITIONS AND EXPENDITURES, ALL FUNDS (State Operations)				\$38,030	\$48,563	\$52,381

DETAIL OF APPROPRIATIONS AND ADJUSTMENTS

1 STATE OPERATIONS	2009-10*	2010-11*	2011-12*
0890 Federal Trust Fund			
APPROPRIATIONS			
Federal Funds	-	\$1,000	-
TOTALS, EXPENDITURES	\$-	\$1,000	\$-
0933 Managed Care Fund			
APPROPRIATIONS			
001 Budget Act appropriation	\$44,894	\$46,673	\$48,834
Allocation for employee compensation	-	97	-
Adjustment per Section 3.60	61	609	-
Reduction per Section 3.90	-3,682	-1,242	-
Reduction per Control Section 3.91	-	-2,017	-
Adjustment per Section 3.55	-27	-	-
002 Budget Act appropriation	2,655	2,387	2,368
Allocation for employee compensation	-	3	-
Adjustment per Section 3.60	2	21	-
Reduction per Section 3.90	-138	-43	-
Reduction per Control Section 3.91	-	-70	-
Adjustment per Section 3.55	-3	-	-
Totals Available	\$43,762	\$46,418	\$51,202
Unexpended balance, estimated savings	-6,042	-	-
TOTALS, EXPENDITURES	\$37,720	\$46,418	\$51,202
0995 Reimbursements			
APPROPRIATIONS			
Reimbursements	\$310	\$1,145	\$1,179
TOTALS, EXPENDITURES, ALL FUNDS (State Operations)	\$38,030	\$48,563	\$52,381

FUND CONDITION STATEMENTS

	2009-10*	2010-11*	2011-12*
0933 Managed Care Fund^s			
BEGINNING BALANCE	\$8,889	\$10,235	\$5,271
Prior year adjustments	1,414	-	-
Adjusted Beginning Balance	\$10,303	\$10,235	\$5,271
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
125700 Other Regulatory Licenses and Permits	36,291	40,188	47,173
142500 Miscellaneous Services to the Public	1	1	1
150300 Income From Surplus Money Investments	143	123	123
161000 Escheat of Unclaimed Checks & Warrants	1	1	1

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2400 Department of Managed Health Care - Continued

	2009-10*	2010-11*	2011-12*
161900 Other Revenue - Cost Recoveries	1,246	1,240	1,240
Total Revenues, Transfers, and Other Adjustments	\$37,682	\$41,553	\$48,538
Total Resources	\$47,985	\$51,788	\$53,809
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
0840 State Controller (State Operations)	30	73	47
2400 Department of Managed Health Care (State Operations)	37,720	46,418	51,202
8880 Financial Information System for California (State Operations)	-	26	209
Total Expenditures and Expenditure Adjustments	\$37,750	\$46,517	\$51,458
FUND BALANCE	\$10,235	\$5,271	\$2,351
Reserve for economic uncertainties	10,235	5,271	2,351
3133 Managed Care Administrative Fines and Penalties Fund^s			
BEGINNING BALANCE	\$1,939	\$3,421	\$5,200
Prior year adjustments	907	-	-
Adjusted Beginning Balance	\$2,846	\$3,421	\$5,200
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
150300 Income From Surplus Money Investments	15	18	8
164300 Penalty Assessments	3,642	4,600	1,600
Transfers and Other Adjustments:			
TO0313 To Major Risk Medical Insurance Fund per Item 4280-112-3133, Budget Acts	-2,082	-1,839	-3,554
TO8034 To Medically Underserved Account for Physicians, Health Professions Education Fund per Chapter 607, Statutes 2008 Section 12(a)	-1,000	-1,000	-1,000
Total Revenues, Transfers, and Other Adjustments	\$575	\$1,779	-\$2,946
Total Resources	\$3,421	\$5,200	\$2,254
FUND BALANCE	\$3,421	\$5,200	\$2,254
Reserve for economic uncertainties	3,421	5,200	2,254

CHANGES IN AUTHORIZED POSITIONS

	Positions/Personnel Years			Expenditures		
	2009-10	2010-11	2011-12	2009-10*	2010-11*	2011-12*
Totals, Authorized Positions	304.5	354.0	354.0	\$18,351	\$24,144	\$24,785
Furlough Reductions	-	-	-	-	-818	-
PLP Reductions	-	-	-	-	-727	-
Proposed New Positions:				Salary Range		
Health Plan Oversight:						
Staff Counsel III-Spec (3.0 LT pos exp 6-30-13)	-	-	3.0	\$7,682-9,478	-	309
Assoc Life Actuary	-	-	2.0	7,037-9,320	-	196
Staff Counsel (5.0 LT pos exp 6-30-13)	-	-	5.0	5,638-6,818	-	374
Corporation Examiner (2.0 LT pos exp 6-30-13)	-	-	2.0	5,309-6,450	-	141
Help Center:						
Staff Counsel (1.0 LT pos exp 6-30-13)	-	-	1.0	5,638-6,818	-	75
Consumer Assist Tech (1.0 LT pos exp 6-30-13)	-	-	1.0	2,638-3,209	-	35
Legal Services:						
Staff Counsel (1.0 LT pos exp 6-30-13)	-	-	1.0	5,638-6,818	-	74
Totals Proposed New Positions	-	-	15.0	\$-	\$-	\$1,204
Total Adjustments	-	-	15.0	\$-	-\$1,545	\$1,204
TOTALS, SALARIES AND WAGES	304.5	354.0	369.0	\$18,351	\$22,599	\$25,989

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