

AMENDED IN SENATE JUNE 28, 2001

AMENDED IN ASSEMBLY MAY 31, 2001

AMENDED IN ASSEMBLY APRIL 30, 2001

AMENDED IN ASSEMBLY APRIL 16, 2001

CALIFORNIA LEGISLATURE—2001–02 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1547**

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**Introduced by Assembly Member Zettel**

(Principal coauthor: Senator Alpert)

**(Coauthors: Assembly Members Bates, Kehoe, Vargas, Wayne,  
and Wyland)**

(Coauthors: Senators Battin and Morrow)

February 23, 2001

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An act to add Chapter 16 (commencing with Section 18998) to Part 6 of Division 9 of the Welfare and Institutions Code, relating to health care access, *and making an appropriation therefor*.

LEGISLATIVE COUNSEL'S DIGEST

AB 1547, as amended, Zettel. Health care access: San Diego County: demonstration project.

Existing law provides for various health and social services for eligible persons, including low-income individuals.

This bill would authorize a demonstration project for the San Diego Business Health Care Connection until January 1, 2004. The demonstration project would be under the oversight of the State Department of Health Services. The bill would specify the duties to be performed under the demonstration project, including, but not limited

to, (1) the provision of information, resources, education, and assistance with respect to health care coverage to certain employers and employees, and (2) the establishment of an outreach program to provide health insurance eligibility and enrollment assistance.

This bill would provide that the demonstration project shall be governed by a board of directors including representatives of local business, consumers, health care providers and health plans, and local government agencies.

~~This bill would make implementation of the demonstration project contingent upon annual appropriations in the Budget Act or another statute appropriate \$2,500,000 from the General Fund to the department, for specified purposes related to the establishment and operation of the demonstration project.~~ This bill would make a legislative finding and declaration that, due to the unique circumstances applicable within the County of San Diego, a statute of general applicability cannot be made applicable.

Vote: ~~majority~~ <sup>2/3</sup>. Appropriation: ~~no~~ yes. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. This act shall be known, and may be cited as, the  
2 San Diego Business Health Care Connection Demonstration  
3 Project.

4 SEC. 2. The Legislature finds and declares all of the  
5 following:

6 (a) Approximately 20 percent of Californians are uninsured,  
7 and it is estimated that more than 75 percent are low-income  
8 workers, or in the families of low-income workers. Many of these  
9 families are eligible for publicly funded health care programs, but  
10 are not enrolled in those programs. Public program eligibility  
11 expansions, program simplification, and outreach efforts have  
12 failed to prevent a decline in public health care program  
13 enrollment.

14 (b) Since 1996, federal and state laws reforming welfare  
15 programs have emphasized a shift from welfare to work. In San  
16 Diego County, many beneficiaries have transitioned to small  
17 business and low-wage employment. This shift has had the  
18 unintended consequence of increasing the number of low-income  
19 residents without health care coverage.



1 (c) Research studies report that workers employed by small  
2 businesses and those in low-wage jobs are less likely to be enrolled  
3 in employer-sponsored health care coverage, and significantly  
4 more likely to be uninsured.

5 (d) In San Diego County, a collaborative of consumer,  
6 business, labor, health care provider, health plan, and local  
7 government representatives have worked together to improve  
8 access to health care by developing strategies to reduce the number  
9 of uninsured residents in the region. One critical strategy that has  
10 been identified is a partnership with the business community, to  
11 focus on the uninsured through the workplace.

12 (e) Authorizing a demonstration project, which includes a  
13 resource center and programs to focus on education, outreach, and  
14 enrollment in both private and public health care coverage  
15 programs through the workplace, will provide the mechanisms  
16 necessary to achieve maximum enrollment in public and private  
17 health insurance programs.

18 SEC. 3. Chapter 16 (commencing with Section 18998) is  
19 added to Part 6 of Division 9 of the Welfare and Institutions Code,  
20 to read:

21

22 CHAPTER 16. SAN DIEGO BUSINESS HEALTH CARE CONNECTION  
23 DEMONSTRATION PROJECT  
24

25 18998. (a) There is hereby authorized in the County of San  
26 Diego a demonstration project for the San Diego Business Health  
27 Care Connection Demonstration Project, under the oversight of  
28 the State Department of Health Services. The demonstration  
29 project shall do all of the following:

30 (1) Develop and provide information, resources, education,  
31 and assistance with respect to public and private health care  
32 coverage programs to employers and their employees.

33 (2) (A) Establish an outreach program to provide employers  
34 and employees with onsite education, and eligibility and  
35 enrollment assistance for both public and private health care  
36 coverage programs.

37 (B) *Ensure that the demonstration project is in compliance with*  
38 *state law relating to the use of licensed health insurance agents in*  
39 *making determinations of eligibility for, sale of, and enrollment in,*  
40 *commercial private health plans, and the acceptance of sales*



1 *commissions and fees from insurance companies and health care*  
2 *service plans.*

3 (3) Develop linkages and partnerships with local government  
4 agencies, business associations, economic development councils,  
5 workforce partnerships, the insurance industry, professional  
6 associations, *including those representing licensed insurance*  
7 *agents*, and community-based organizations to identify, refer to,  
8 and coordinate with existing programs.

9 (4) Target small businesses and those with low-wage  
10 employees, and provide services to any employers and employees  
11 requesting these services within the region. For purposes of this  
12 chapter, “small business” means a business with 50 or fewer  
13 employees.

14 (5) Work directly with the insurance industry, *professional*  
15 *health insurance agents’ associations*, licensed health plans, and  
16 other entities to identify health care coverage options and  
17 programs available to employers and to low-income employees,  
18 *in accordance with state law.*

19 (6) Identify and assess the potential for additional  
20 employment-focused strategies to increase the number of workers  
21 and families enrolled in health care coverage.

22 (7) Educate employers regarding existing state law prohibiting  
23 employers from discontinuing group health coverage in order to  
24 make employees eligible for publicly funded health programs,  
25 such as the Medi-Cal program (Chapter 7 (commencing with  
26 Section 14000) of Part 3), and the Healthy Families Program (Part  
27 6.2 (commencing with Section 12693) of Division 2 of the  
28 Insurance Code).

29 (b) (1) The demonstration project shall establish, monitor, and  
30 continuously evaluate critical success indicators and outcomes for  
31 the program and operations. To document the increase in the  
32 number of small employers offering health coverage and the  
33 increase in the number of individuals participating in and retaining  
34 private or public health coverage, the demonstration project shall  
35 do all of the following:

36 (A) Establish baseline and ongoing measurements of health  
37 care coverage in targeted businesses and populations, including  
38 changes in the number of participating employers offering  
39 job-based coverage.



1 (B) Establish performance monitoring measurements and  
2 targets for all education, counseling, and enrollment.

3 (C) Develop and implement a client satisfaction survey process  
4 to assess, compare, and respond to employer and client satisfaction  
5 with eligibility and enrollment processes.

6 (2) Upon completion of the first year and each subsequent year  
7 of operation under this section, the demonstration project shall  
8 submit a report to the Senate Committee on Health and Human  
9 Services, the Assembly Committee on Health, the State  
10 Department of Health Services, the Managed Risk Medical  
11 Insurance Board, and the Department of Managed Health Care.  
12 The first report shall provide baseline data and results for the first  
13 year of operation. The second year report shall provide results for  
14 the first two years of operation and shall evaluate the impact of  
15 focused education of employers and employees on increased  
16 health care participation and retention of health care coverage.  
17 Additionally, the report shall include an assessment of whether  
18 paying the share of the premium for employment-based health  
19 care coverage is feasible, sustainable, and cost-effective to the  
20 employer, the employee, and the state.

21 (c) The demonstration project shall maintain the  
22 confidentiality of all of those served by the demonstration project,  
23 in accordance with applicable state and federal laws.

24 (d) The demonstration project shall be governed by a board of  
25 directors that includes representatives from each of the following:

- 26 (1) Local businesses.
- 27 (2) The County of San Diego.
- 28 (3) Consumers.
- 29 (4) Health care providers.
- 30 (5) Health plans.
- 31 (6) Labor organizations.
- 32 (7) *Licensed health insurance agents.*

33 (e) The demonstration project shall remain in existence until  
34 January 1, 2004. It is the intent of the Legislature that the  
35 demonstration project be continued beyond that date, if the  
36 department finds that adequate progress toward insuring the  
37 populations referenced herein is demonstrated, and that the project  
38 represents a sustainable and replicable model for reducing the  
39 number of uninsured persons in California.



1 ~~(f) Implementation of the demonstration project shall be~~  
2 ~~contingent upon annual appropriations in the Budget Act.~~  
3 ~~SEC. 4.—~~  
4 *SEC. 4. The sum of two million five hundred thousand dollars*  
5 *(\$2,500,000) is hereby appropriated from the General Fund to the*  
6 *State Department of Health Services for the following purposes*  
7 *relating to Chapter 16 (commencing with Section 18998) of Part*  
8 *6 of Division 9 of the Welfare and Institutions Code:*  
9 *(1) Staffing of the demonstration project.*  
10 *(2) Implementation and capital costs.*  
11 *(3) Supplies, equipment, services, and premium assistance.*  
12 *(4) Project evaluation.*  
13 *(5) Development and distribution of materials for education*  
14 *and outreach.*  
15 *SEC. 5. The Legislature finds and declares that, due to the*  
16 *unique circumstances applicable within the County of San Diego,*  
17 *with respect to the county’s significant population of uninsured*  
18 *low-income residents, a statute of general applicability cannot be*  
19 *made applicable within the meaning of subdivision (b) of Section*  
20 *16 of Article IV of the California Constitution.*

