

AMENDED IN ASSEMBLY AUGUST 23, 2002

AMENDED IN ASSEMBLY AUGUST 15, 2002

AMENDED IN ASSEMBLY AUGUST 12, 2002

AMENDED IN SENATE APRIL 18, 2001

AMENDED IN SENATE APRIL 17, 2001

AMENDED IN SENATE MARCH 22, 2001

**SENATE BILL**

**No. 398**

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**Introduced by Senator Chesbro**

*(Coauthors: Assembly Members Cohn, Strom-Martin, Thomson, and Wiggins)*

February 21, 2001

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An act to add Section 1375.3 to the Health and Safety Code, relating to health care service plans.

LEGISLATIVE COUNSEL'S DIGEST

SB 398, as amended, Chesbro. Health care service plans: bankruptcy.

Existing law, the Knox-Keene Health Care Service Plan Act of 1975, provides for the regulation and licensure of health care service plans by the Department of Managed Health Care and makes a violation of the act's provisions a crime. Under the act, a plan is required to demonstrate to the director of the department that it has a fiscally sound operation and adequate provision against the risk of insolvency.

This bill would require a health care service plan, *except in extraordinary circumstances*, to ~~notify the department~~ *meet and confer with the Director of the Department of Managed Health Care* at least

10 business days prior to filing a petition for bankruptcy ~~and would specify information the plan is required to include in the notification.~~ *The bill would require in extraordinary circumstances, that the plan meet and confer with the department 24 hours before filing the petition. The bill would also require the plan to provide certain information requested by the director.* Because the violation of those requirements would be punishable as a crime, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

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

1 SECTION 1. Section 1375.3 is added to the Health and Safety  
2 Code, to read:

3 1375.3. (a) A health care service plan shall ~~notify the~~  
4 ~~department~~ *meet and confer with the director and his or her*  
5 *designated representatives* at least 10 business days prior to filing  
6 a petition commencing a case for bankruptcy under Title 11 of the  
7 United States Code, *except under extraordinary circumstances.*  
8 ~~The notification shall include, but not be limited to, the following~~  
9 ~~information:~~

10 ~~(a)~~ *If extraordinary circumstances preclude a meet and confer*  
11 *with the director within the 10-day time period prior to the filing*  
12 *of a petition for bankruptcy, the plan shall meet and confer with the*  
13 *department at least 24 hours prior to filing the petition. A plan*  
14 *shall notify the department concurrently upon filing the petition.*  
15 *These meetings shall be deemed confidential.*

16 (b) *At the director's request, a plan shall provide within the time*  
17 *period specified by the department, information to assist in*  
18 *ensuring continuity of care and uninterrupted access to health care*  
19 *services for plan subscribers and enrollees. The information may*  
20 *include, but is not limited to, the following:*



1 (1) A list of all providers with which the plan contracts and  
2 material information regarding the contracts including, but not  
3 limited to, the grounds for termination of the contract and the term  
4 remaining on the contract.

5 ~~(b)~~

6 (2) A list of employer groups who subscribe with the plan.

7 ~~(c)~~

8 (3) A list of the enrollees of the plan.

9 ~~(d)~~

10 (4) A list of enrollees undergoing current treatment and a  
11 description of the authorized treatment for the enrollee.

12 ~~(e)~~

13 (5) A list of all brokers and agents involved in the negotiation  
14 of subscriber contracts.

15 ~~(f)~~

16 (6) A list of all enrollees who contract as individual subscribers  
17 for coverage by the plan.

18 (c) *Notwithstanding subdivision (a), nothing in this section*  
19 *shall preclude the director from exercising powers and duties*  
20 *authorized under this chapter.*

21 SEC. 2. No reimbursement is required by this act pursuant to  
22 Section 6 of Article XIII B of the California Constitution because  
23 the only costs that may be incurred by a local agency or school  
24 district will be incurred because this act creates a new crime or  
25 infraction, eliminates a crime or infraction, or changes the penalty  
26 for a crime or infraction, within the meaning of Section 17556 of  
27 the Government Code, or changes the definition of a crime within  
28 the meaning of Section 6 of Article XIII B of the California  
29 Constitution.

