

AMENDED IN ASSEMBLY AUGUST 5, 2002

AMENDED IN SENATE MAY 8, 2002

SENATE BILL

No. 1917

Introduced by Senator Chesbro

February 22, 2002

An act to add Section ~~10195 to the Insurance~~ 1375.3 to the Health and Safety Code, relating to health care ~~coverage~~ service plans.

LEGISLATIVE COUNSEL'S DIGEST

SB 1917, as amended, Chesbro. ~~Medicare+Choice~~ 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 to notify the department 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. 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.

~~Existing federal law establishes the Medicare+Choice Program that allows beneficiaries under the Medicare program to obtain health care coverage from a variety of private health insurance options, including a health maintenance organization, a provider-sponsored organization, or a preferred provider organization. Under existing law, the Secretary of the United States Department of Health and Human Services is required to make monthly payments to each Medicare+Choice organization for its covered individuals in a payment area, which is generally a county or equivalent geographic area specified by the secretary. Existing law authorizes the Governor to make a written request to the secretary to make a geographic adjustment to a payment area.~~

~~This bill would require the Governor to make a written request under this provision before January 1, 2003, for a geographic adjustment in the Medicare+Choice payment area to group the counties in the state into 4 separate payment regions.~~

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

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

- 1 ~~SECTION 1.~~ Section 10195 is added to the Insurance Code,
- 2 ~~SECTION 1.~~ Section 1375.3 is added to the Health and Safety
- 3 Code, to read:
- 4 1375.3. A health care service plan shall notify the department
- 5 at least 10 business days prior to filing a petition commencing a
- 6 case for bankruptcy under Title 11 of the United States Code. The
- 7 notification shall include, but not be limited to, the following
- 8 information:
- 9 (a) A list of all providers with which the plan contracts and
- 10 material information regarding the contracts including, but not
- 11 limited to, the grounds for termination of the contract and the term
- 12 remaining on the contract.
- 13 (b) A list of employer groups who subscribe with the plan.
- 14 (c) A list of the enrollees of the plan.
- 15 (d) A list of enrollees undergoing current treatment and a
- 16 description of the authorized treatment for the enrollee.



1 (e) A list of all brokers and agents involved in the negotiation
2 of subscriber contracts.

3 (f) A list of all enrollees who contract as individual subscribers
4 for coverage by the plan.

5 SEC. 2. No reimbursement is required by this act pursuant to
6 Section 6 of Article XIII B of the California Constitution because
7 the only costs that may be incurred by a local agency or school
8 district will be incurred because this act creates a new crime or
9 infraction, eliminates a crime or infraction, or changes the penalty
10 for a crime or infraction, within the meaning of Section 17556 of
11 the Government Code, or changes the definition of a crime within
12 the meaning of Section 6 of Article XIII B of the California
13 Constitution.

14 ~~to read:~~

15 ~~10195. — The Governor, prior to January 1, 2003, shall make a~~
16 ~~written request, pursuant to Section 1395w-23 of Title 42 of the~~
17 ~~United States Code, to the Secretary of the United States~~
18 ~~Department of Health and Human Services to make a geographic~~
19 ~~adjustment in the Medicare+Choice payment area to group the~~
20 ~~counties in the state into the following four separate payment~~
21 ~~regions so that the Medicare+Choice payment rate for each county~~
22 ~~in a region is the same:~~

23 ~~(a) Region 1 consisting of the Counties of Los Angeles,~~
24 ~~Orange, San Luis Obispo, Santa Barbara, and Ventura.~~

25 ~~(b) Region 2 consisting of the Counties of Imperial, Riverside,~~
26 ~~San Bernardino, and San Diego.~~

27 ~~(c) Region 3 consisting of the Counties of Alameda, Contra~~
28 ~~Costa, Marin, Napa, San Benito, San Francisco, San Mateo, Santa~~
29 ~~Clara, Santa Cruz, and Solano.~~

30 ~~(d) Region 4 consisting of the Counties of Alpine, Amador,~~
31 ~~Butte, Calaveras, Colusa, Del Norte, El Dorado, Fresno, Glenn,~~
32 ~~Humboldt, Inyo, Kern, Kings, Lake, Lassen, Madera, Mariposa,~~
33 ~~Mendocino, Merced, Modoc, Mono, Monterey, Nevada, Placer,~~
34 ~~Plumas, Sacramento, San Joaquin, Shasta, Sierra, Siskiyou,~~
35 ~~Sonoma, Stanislaus, Sutter, Tehama, Trinity, Tulare, Tuolumne,~~
36 ~~Yolo, and Yuba.~~

