

AMENDED IN ASSEMBLY MAY 27, 2005

AMENDED IN ASSEMBLY APRIL 20, 2005

CALIFORNIA LEGISLATURE—2005—06 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1045**

**Introduced by Assembly Member Frommer**

February 22, 2005

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An act to amend Sections 1339.56 and 1339.59 of, to add Section 1339.585 to, and to repeal and add Section 1339.57 of, the Health and Safety Code, relating to the Payers' Bill of Rights.

LEGISLATIVE COUNSEL'S DIGEST

AB 1045, as amended, Frommer. Payers' Bill of Rights: procedure charges.

Existing law provides for the licensure and regulation of health facilities by the State Department of Health Services. A violation of those provisions is a misdemeanor.

The existing Payers' Bill of Rights requires each hospital to compile a list of the charges for 25 services or procedures commonly charged to patients. Beginning July 1, 2004, existing law requires each hospital to make that list available to any person upon request and to file the list annually with the office.

This bill would require each hospital to additionally compile a list of the average charges for its 25 most common outpatient procedures and its 25 most common inpatient procedures, as grouped by Medicare diagnostic-related group (DRG). The bill would require each hospital to provide copies of both lists to any person upon request and file them annually with the office.

Existing law authorizes the Office of Statewide Health Planning and Development to compile a list of the 10 most common Medicare

DRGs and the average charge for each of these DRGs per hospital and to publish that information on its Internet Web site.

This bill would repeal those provisions and would instead require the office to create a database and develop an online query system that lists the average charges for at least the 25 most common inpatient procedures, as grouped by Medicare DRG, and the average charges for at least the 25 most common outpatient procedures. The bill would require the office to update the database at least annually and publish the database on its Internet Web site.

Except for the provision of emergency services, this bill would require a hospital, upon a person's request, to provide the person with a written estimate of charges for the health care services, procedures, or supplies that are reasonably expected to be provided and billed to the person by the hospital *or to provide a written estimate of the amount the hospital will require the person to pay if the person does not have health coverage.*

This bill would provide that any hospital that does not file the information required by the Payers' Bill of Rights may be liable for civil penalties.

By changing existing duties of a hospital, the bill would change the definition of a crime, and would thereby 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 1339.56 of the Health and Safety Code  
2 is amended to read:

3 1339.56. (a) Each hospital shall compile a list of the charges  
4 for 25 services or procedures commonly charged to patients.

5 (b) Each hospital shall compile a list of the average charges for  
6 its 25 most common outpatient procedures.

1 (c) Each hospital shall compile a list of the average charges for  
2 its 25 most common inpatient procedures , as grouped by  
3 Medicare diagnostic-related group, as developed by the office  
4 pursuant to Section 1339.57.

5 (d) Each hospital shall provide a copy of these lists to any  
6 person upon request. Each hospital shall file the lists specified in  
7 subdivisions (a) and (b) annually with the office, in a form  
8 prescribed by the office, along with the charge description  
9 master.

10 (e) The office may develop a uniform reporting form for the  
11 25 services or procedures most commonly charged to patients,  
12 may require hospitals to file this form with the office in a form  
13 prescribed by the office, and may require hospitals to provide  
14 patients with the charges for these 25 services or procedures.

15 SEC. 2. Section 1339.57 of the Health and Safety Code is  
16 repealed.

17 SEC. 3. Section 1339.57 is added to the Health and Safety  
18 Code, to read:

19 1339.57. The office shall create a database and develop an  
20 online query system that lists the average charges for at least the  
21 25 most common inpatient procedures, as grouped by Medicare  
22 diagnostic-related group, and the average charges for at least the  
23 25 most common outpatient procedures. The database shall  
24 contain the average charges for these procedures for each  
25 hospital in the state and shall be updated at least annually. The  
26 office shall publish this database on its Internet Web site. The  
27 director may add to the database other information about hospital  
28 charges as necessary to help consumers, purchasers, and  
29 providers understand the cost of health care.

30 SEC. 4. Section 1339.585 is added to the Health and Safety  
31 Code, to read:

32 1339.585. Upon a person's request, a hospital shall provide  
33 the person with a written estimate of charges for the health care  
34 services, procedures, or supplies that are reasonably expected to  
35 be provided and billed to the person by the hospital *or with a*  
36 *written estimate of the amount the hospital will require the*  
37 *person to pay if the person does not have health coverage.* The  
38 hospital may provide this estimate during normal business office  
39 hours. This section shall not apply to emergency services  
40 provided to a person pursuant to Section 1317.

1 SEC. 5. Section 1339.59 of the Health and Safety Code is  
2 amended to read:

3 1339.59. (a) A hospital shall be in violation of this article if  
4 it knowingly or negligently fails to comply with the requirements  
5 of this article.

6 (b) A hospital that does not file with the office the information  
7 required by this article may be liable for civil penalties as  
8 specified in Section 128770.

9 SEC. 6. No reimbursement is required by this act pursuant to  
10 Section 6 of Article XIII B of the California Constitution because  
11 the only costs that may be incurred by a local agency or school  
12 district will be incurred because this act creates a new crime or  
13 infraction, eliminates a crime or infraction, or changes the  
14 penalty for a crime or infraction, within the meaning of Section  
15 17556 of the Government Code, or changes the definition of a  
16 crime within the meaning of Section 6 of Article XIII B of the  
17 California Constitution.