

AMENDED IN ASSEMBLY AUGUST 12, 2008

AMENDED IN ASSEMBLY JUNE 26, 2008

AMENDED IN ASSEMBLY JUNE 11, 2008

AMENDED IN SENATE MAY 7, 2008

AMENDED IN SENATE APRIL 7, 2008

AMENDED IN SENATE APRIL 3, 2008

AMENDED IN SENATE MARCH 24, 2008

SENATE BILL

No. 1300

Introduced by Senator Corbett

February 20, 2008

An act to add ~~Sections 1262.55 and~~ *Section* 1367.49 to the Health and Safety Code, and to add Section 10117.6 to the Insurance Code, relating to health care coverage.

LEGISLATIVE COUNSEL'S DIGEST

SB 1300, as amended, Corbett. Health care coverage: provider contracts.

Existing law, the Knox-Keene Health Care Service Plan Act of 1975, provides for the licensure and regulation of health care service plans by the Department of Managed Health Care and makes a willful violation of the act a crime. Existing law provides for the regulation of health insurers by the Department of Insurance. ~~Existing law also provides for the licensure and regulation of health facilities by the State Department of Public Health and makes a violation of those provisions a misdemeanor.~~

This bill would prohibit a contract between a health care provider and a health care service plan or a health insurer from containing a provision that restricts the ability of the plan or insurer to furnish information on the cost of procedures, as defined, or health care quality information to subscribers, enrollees, policyholders, or insureds. The bill would require health care service plans and health insurers to involve health care providers in the development of the health care quality information prior to furnishing it to subscribers, enrollees, policyholders, or insureds, as specified, and would also require quality of care data compiled by the plan or insurer to include specified clinical guidelines and utilize risk adjustment factors in a specified manner.

Because a willful violation of the bill’s provisions relating to health care service plans would be a crime, this 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 1262.55 is added to the Health and Safety
2 Code, to read:
3 1262.55. (a) ~~A contract between a health care provider and a~~
4 ~~health care service plan or a health insurer that is issued, amended,~~
5 ~~renewed, or delivered on or after January 1, 2009, shall not contain~~
6 ~~a provision that restricts the ability of the health care service plan~~
7 ~~or health insurer to furnish information on the cost of procedures~~
8 ~~or health care quality information to subscribers or enrollees of~~
9 ~~the plan or policyholders or insureds of the insurer. A health care~~
10 ~~service plan or health insurer shall, in the manner described in~~
11 ~~subdivision (b), involve health care providers in the development~~
12 ~~of the health care quality information prior to furnishing it to~~
13 ~~enrollees or subscribers of the plan or policyholders or insureds~~
14 ~~of the insurer.~~
15 (b) ~~If the health care quality information that the health care~~
16 ~~service plan or health insurer proposes to disclose pursuant to~~

1 ~~subdivision (a) is quality of care data that the health care service~~
2 ~~plan or the health insurer compiled, both of the following~~
3 ~~requirements shall be satisfied:~~

4 ~~(1) The information shall include clinical guidelines established~~
5 ~~by independent national medical and quality associations and~~
6 ~~utilize risk adjustment factors to account for differences in the use~~
7 ~~of health care resources among individual health care providers.~~

8 ~~(2) The health care service plan or health insurer shall, prior to~~
9 ~~furnishing that information to enrollees or subscribers of the plan~~
10 ~~or policyholders or insureds of the insurer, provide all of the~~
11 ~~following to any affected health care provider:~~

12 ~~(A) At least 30 days written notice to review the information.~~

13 ~~(B) The criteria used in the development and evaluation of~~
14 ~~quality measurements.~~

15 ~~(C) The opportunity to provide additional information or~~
16 ~~corrections to the information.~~

17 ~~(e) Nothing in this section shall be construed to require a health~~
18 ~~care service plan, health insurer, or health care provider to disclose~~
19 ~~capitation rates or other prepaid arrangements.~~

20 ~~(d) Nothing in this section shall apply to dental insurers or to~~
21 ~~specialized health care service plans covering dental benefits.~~

22 ~~(e) For purposes of this section, the following definitions shall~~
23 ~~apply:~~

24 ~~(1) “Information on the cost of procedures” means information~~
25 ~~that an enrollee or subscriber of a health care service plan, or~~
26 ~~policyholders or insureds of a health insurer, may use to make~~
27 ~~comparisons among individual health care providers or health care~~
28 ~~facilities concerning the cost to the enrollee, subscriber,~~
29 ~~policyholder, or insured of health care treatment options.~~

30 ~~(2) “Health care provider” means any professional person,~~
31 ~~medical group, independent practice association, organization,~~
32 ~~health facility, other than a long-term health care facility as defined~~
33 ~~in Section 1418, or other person or institution licensed or~~
34 ~~authorized by the state to deliver or furnish health care services.~~

35 ~~SEC. 2.~~

36 ~~SECTION 1.~~ Section 1367.49 is added to the Health and Safety
37 Code, to read:

38 1367.49. (a) A contract between a health care service plan and
39 a health care provider that is issued, amended, renewed, or
40 delivered on or after January 1, 2009, shall not contain a provision

1 that restricts the ability of the health care service plan to furnish
2 information on the cost of procedures or health care quality
3 information to subscribers or enrollees of the plan. A health care
4 service plan shall, in the manner described in subdivision (b),
5 involve health care providers in the development of the health care
6 quality information prior to furnishing it to enrollees or subscribers
7 of the plan.

8 (b) If the health care quality information that the health care
9 service plan proposes to disclose pursuant to subdivision (a) is
10 quality of care data that the health care service plan compiled, ~~both~~
11 *all* of the following requirements shall be satisfied:

12 (1) The information shall include clinical guidelines established
13 by independent national medical and quality associations and
14 utilize risk adjustment factors, *with appropriate and transparent*
15 *statistical techniques*, to account for differences in the use of health
16 care resources among individual health care providers.

17 (2) *The information shall be updated at appropriate intervals.*

18 ~~(2)~~

19 (3) The health care service plan shall, prior to furnishing that
20 information to its enrollees or subscribers, provide all of the
21 following to any affected health care provider:

22 (A) At least ~~30~~ 45 days written notice to review the information.

23 (B) The criteria used in the development and evaluation of
24 quality measurements. *The criteria shall be sufficiently detailed*
25 *and reasonably understandable to allow the provider to verify the*
26 *data against his or her records.*

27 (C) The opportunity to provide additional information or
28 corrections ~~to the information~~, *and to consider specific comments*
29 *and responses to the format.*

30 (c) Nothing in this section shall require a health care service
31 plan or health care provider to disclose capitation rates or other
32 prepaid arrangements.

33 (d) Nothing in this section shall apply to specialized health care
34 service plans covering dental benefits.

35 (e) *Any contractual provision inconsistent with this section shall*
36 *be void and unenforceable.*

37 ~~(e)~~

38 (f) For purposes of this section, the following definitions shall
39 apply:

1 (1) “Information on the cost of procedures” means information
2 that an enrollee or subscriber of a health care service plan may use
3 to make comparisons among individual health care providers or
4 health care facilities concerning the cost to the enrollee or
5 subscriber of health care treatment options.

6 (2) “Health care provider” means any professional person,
7 medical group, independent practice association, organization,
8 health facility, other than a long-term health care facility as defined
9 in Section 1418, or other person or institution licensed or
10 authorized by the state to deliver or furnish health care services.

11 ~~SEC. 3.~~

12 *SEC. 2.* Section 10117.6 is added to the Insurance Code, to
13 read:

14 10117.6. (a) A contract between a health insurer and a health
15 care provider that is issued, amended, renewed, or delivered on or
16 after January 1, 2009, shall not contain a provision that restricts
17 the ability of the health insurer to furnish information on the cost
18 of procedures or health care quality information to policyholders
19 or insureds of the insurer. A health insurer shall, in the manner
20 described in subdivision (b), involve health care providers in the
21 development of the health care quality information prior to
22 furnishing it to policyholders or insureds of the insurer.

23 (b) If the health care quality information that the health insurer
24 proposes to disclose pursuant to subdivision (a) is quality of care
25 data that the health insurer compiled, ~~both~~ *all* of the following
26 requirements shall be satisfied:

27 (1) The information shall include clinical guidelines established
28 by independent national medical and quality associations and
29 utilize risk adjustment factors, *with appropriate and transparent*
30 *statistical techniques*, to account for differences in the use of health
31 care resources among individual health care providers.

32 (2) *The information shall be updated at appropriate intervals.*

33 ~~(2)~~

34 (3) The health insurer shall, prior to furnishing that information
35 to its policyholders or insureds, provide all of the following to any
36 affected health care provider:

37 (A) At least ~~30~~ *45* days written notice to review the information.

38 (B) The criteria used in the development and evaluation of
39 quality measurements. *The criteria shall be sufficiently detailed*

1 *and reasonably understandable to allow the provider to verify the*
2 *data against his or her records.*

3 (C) The opportunity to provide additional information or
4 corrections to the information, and to consider specific comments
5 and responses to the format.

6 (c) Nothing in this section shall require a health insurer or health
7 care provider to disclose capitation rates or other prepaid
8 arrangements.

9 (d) Nothing in this section shall apply to dental insurers.

10 (e) *Any contractual provision inconsistent with this section shall*
11 *be void and unenforceable.*

12 ~~(e)~~

13 (f) For purposes of this section, the following definitions shall
14 apply:

15 (1) “Information on the cost of procedures” means information
16 that a policyholder or insured of a health insurer may use to make
17 comparisons among individual health care providers or health care
18 facilities concerning the cost to the policyholder or insured of
19 health care treatment options.

20 (2) “Health care provider” means any professional person,
21 medical group, independent practice association, organization,
22 health facility, other than a long-term health care facility as defined
23 in Section 1418 of the Health and Safety Code, or other person or
24 institution licensed or authorized by the state to deliver or furnish
25 health care services.

26 ~~SEC. 4.~~

27 *SEC. 3.* No reimbursement is required by this act pursuant to
28 Section 6 of Article XIII B of the California Constitution because
29 the only costs that may be incurred by a local agency or school
30 district will be incurred because this act creates a new crime or
31 infraction, eliminates a crime or infraction, or changes the penalty
32 for a crime or infraction, within the meaning of Section 17556 of
33 the Government Code, or changes the definition of a crime within
34 the meaning of Section 6 of Article XIII B of the California
35 Constitution.