

Introduced by Senator DuchenyFebruary 26, 2009

An act to amend Section 1341.45 of the Health and Safety Code, relating to health care coverage.

LEGISLATIVE COUNSEL'S DIGEST

SB 499, as introduced, Ducheny. Managed Care Administrative Fines and Penalties Fund: California Major Risk Medical Insurance Program.

Existing law establishes the California Major Risk Medical Insurance Program (MRMIP) that is administered by the Managed Risk Medical Insurance Board (MRMIB) to provide major risk medical coverage to eligible persons who have been rejected for coverage by at least one private health plan. Existing law creates the Major Risk Medical Insurance Fund for purposes of MRMIP.

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. Existing law requires the deposit of fines and administrative penalties assessed against health care service plans in the Managed Care Administrative Fines and Penalties Fund. Beginning September 1, 2009, existing law requires that any amount over the first \$1,000,000 deposited in the fund be transferred to the Major Risk Medical Insurance Fund to be used, upon appropriation by the Legislature, for purposes of MRMIP.

This bill would require MRMIB to report to the Legislature no later than March 1, 2010, and annually thereafter, on the amount and use of moneys transferred to the Major Risk Medical Insurance Fund pursuant to that provision and the effect of those moneys on the waiting list for MRMIP.

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

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

1 SECTION 1. Section 1341.45 of the Health and Safety Code
2 is amended to read:
3 1341.45. (a) There is hereby created in the State Treasury the
4 Managed Care Administrative Fines and Penalties Fund.
5 (b) The fines and administrative penalties collected pursuant to
6 this chapter, on and after the operative date of this section, shall
7 be deposited into the Managed Care Administrative Fines and
8 Penalties Fund.
9 (c) The fines and administrative penalties deposited into the
10 Managed Care Administrative Fines and Penalties Fund shall be
11 transferred by the department, beginning September 1, 2009, and
12 annually thereafter, as follows:
13 (1) The first one million dollars (\$1,000,000) shall be transferred
14 to the Medically Underserved Account for Physicians within the
15 Health Professions Education Fund and shall, upon appropriation
16 by the Legislature, be used for the purposes of the Steven M.
17 Thompson Physician Corps Loan Repayment Program, as specified
18 in Article 5 (commencing with Section 128550) or Chapter 5 of
19 Part 3 of Division 107 and, notwithstanding Section 128555, shall
20 not be used to provide funding for the Physician Volunteer
21 Program.
22 (2) Any amount over the first one million dollars (\$1,000,000),
23 including accrued interest, in the fund shall be transferred to the
24 Major Risk Medical Insurance Fund created pursuant to Section
25 12739 of the Insurance Code and shall, upon appropriation by the
26 Legislature, be used for the *California* Major Risk Medical
27 Insurance Program for the purposes specified in Section 12739.1
28 of the Insurance Code.
29 (d) Notwithstanding subdivision (b) of Section 1356 and Section
30 1356.1, the fines and administrative penalties authorized pursuant
31 to this chapter shall not be used to reduce the assessments imposed
32 on health care service plans pursuant to Section 1356.
33 (e) *The Managed Risk Medical Insurance Board shall report*
34 *to the Legislature no later than March 1, 2010, and annually*
35 *thereafter, on the amount and use of moneys transferred to the*

- 1 *Major Risk Medical Insurance Fund pursuant to this section and*
- 2 *the effect of these moneys on the waiting list for the California*
- 3 *Major Risk Medical Insurance Program.*

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