

ASSEMBLY BILL

No. 1059

Introduced by Assembly Member Huffman

February 18, 2011

An act to add Section 1386.5 to the Health and Safety Code, relating to health care service plans.

LEGISLATIVE COUNSEL'S DIGEST

AB 1059, as introduced, Huffman. Health care service plans.

Existing law, the Knox-Keene Health Care Service Plan Act of 1975, provides for the regulation of health care service plans by the Department of Managed Health Care. Existing law requires a health care service plan to pay claims for provided health care services within a specified period of time and prohibits a health care service plan from engaging in an unfair payment pattern, as defined.

This bill would require the director, upon a final determination that a health care service plan has underpaid or failed to pay a provider, as specified, to assess an administrative penalty and to require the plan to pay the provider the amount owed plus interest, as specified. The bill would authorize the director to exempt a plan from paying the administrative penalty if the director makes a written finding that paying both the penalty and the provider would jeopardize the financial solvency of the plan. The bill would also specify that a provider shall not be required to resubmit a claim to a plan unless the director makes a determination that an extraordinary circumstance exists and requires the plan to reimburse the provider for the cost of resubmission, as specified.

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 1386.5 is added to the Health and Safety
2 Code, to read:

3 1386.5. (a) Upon a final determination by the director that a
4 health care service plan has underpaid or failed to pay a provider
5 in violation of Section 1371.37, the director shall, by order, do
6 both of the following:

7 (1) Assess an administrative penalty in an amount not less than
8 the amount owed plus interest.

9 (2) Require the plan to pay the provider an amount not less than
10 the amount owed plus interest.

11 (b) The director may exempt a plan from paying the
12 administrative penalty assessed in paragraph (1) of subdivision (a)
13 if the director makes a written finding that paying that penalty and
14 making the payment required in paragraph (2) of subdivision (a)
15 would jeopardize the financial solvency of the plan.

16 (c) Except as provided in subdivision (d), a provider shall not
17 be required to resubmit a claim to a health care service plan in
18 order to receive payment pursuant to this section.

19 (d) If the director makes a determination that an extraordinary
20 circumstance exists, the director may require a provider to resubmit
21 a claim to a health care service plan in order to receive payment
22 pursuant to this section, provided that the director also requires
23 the plan to add to the amount owed to the provider a reasonable
24 amount necessary to reimburse the provider for the cost of
25 resubmission.

26 (e) The remedies provided by this section are not exclusive, and
27 may be sought and employed in any combination with civil,
28 criminal, and other administrative remedies deemed warranted by
29 the director to enforce this chapter.

30 (f) Notwithstanding the date on which the director makes a final
31 determination specified in subdivision (a), the calculation of the
32 amount of the remedy imposed pursuant to subdivision (a) shall
33 be based on the date on which the plan committed the violation
34 specified in that subdivision.

35 (g) Notwithstanding the provisions of subdivision (a), a plan
36 shall not be required to pay a provider more than the amount owed
37 plus interest on a claim, and the department may take into account
38 any other payments that have been made on that same claim.

- 1 (h) A health care service plan may not delegate a statutory
- 2 liability under this section.

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