

AMENDED IN SENATE JULY 12, 2011

AMENDED IN ASSEMBLY MAY 27, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1059**

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**Introduced by Assembly Member Huffman**

February 18, 2011

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An act to add Section 1371.371 to the Health and Safety Code, relating to health care service plans.

LEGISLATIVE COUNSEL'S DIGEST

AB 1059, as amended, 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 require the plan to pay the provider the amount owed plus interest, as specified. 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 1371.371 is added to the Health and  
2 Safety Code, to read:

3 1371.371. (a) Upon a final determination by the director that  
4 a health care service plan has underpaid or failed to pay a provider  
5 in violation of Section 1371.37, the director shall ~~require the plan~~  
6 ~~to pay the provider an amount not less than the amount owed plus~~  
7 ~~interest.~~ *require the health care service plan to pay the provider*  
8 *an amount to include the amount owed plus interest pursuant to*  
9 *subdivisions (b) and (e) of Section 1371.35.*

10 (b) Except as provided in subdivision (c), a provider shall not  
11 be required to resubmit a claim to a health care service plan in  
12 order to receive payment pursuant to this section.

13 (c) If the director makes a determination that an extraordinary  
14 circumstance exists, the director may require a provider to resubmit  
15 a claim to a health care service plan in order to receive payment  
16 pursuant to this section, provided that the director also requires  
17 the plan to add to the amount owed to the provider a reasonable  
18 amount necessary to reimburse the provider for the cost of  
19 resubmission.

20 (d) The remedies provided by this section are not exclusive, and  
21 may be sought and employed in any combination with civil,  
22 criminal, and other administrative remedies deemed warranted by  
23 the director to enforce this chapter.

24 (e) Notwithstanding the date on which the director makes a final  
25 determination specified in subdivision (a), the calculation of the  
26 amount of the remedy imposed pursuant to subdivision (a) shall  
27 be based on the date on which the plan committed the violation  
28 specified in that subdivision.

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

33 (g) *The provisions set forth in this section shall not preclude,*  
34 *suspend, affect, or impact any other duty, right, responsibility, or*  
35 *obligation under any other statute or under a contract between a*  
36 *health care service plan and a provider.*

37 ~~(g)~~

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

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