

AMENDED IN ASSEMBLY MARCH 20, 2012

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1579**

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**Introduced by Assembly Member Campos**

February 2, 2012

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An act to add Section 1374.196 to the Health and Safety Code, and to add Section 10120.4 to the Insurance Code, relating to health care coverage.

LEGISLATIVE COUNSEL'S DIGEST

AB 1579, as amended, Campos. Dental coverage: noncontracting providers: assignment of benefits.

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 also provides for the regulation of health insurers by the Department of Insurance. Existing law authorizes licensed nonphysician providers that contract with a medical group, physician, or independent practice association to provide services to health care service plan enrollees to directly bill the plan for services rendered under certain circumstances. Existing law requires group health care service plans to authorize and permit assignment of a Medi-Cal beneficiary's right to reimbursement for covered services to the State Department of Health Care Services, except as specified. Existing law provides for the direct payment of group insurance medical benefits by a health insurer to the person or persons furnishing or paying for hospitalization or medical or surgical aid, as specified.

This bill would require a health care service plan or health insurer that pays a contracting dental provider directly for covered services

rendered to an enrollee or insured to also pay a noncontracting dental provider directly for covered services rendered to an enrollee or insured where the provider submits a written assignment of benefits signed by the enrollee or insured or the legal representative thereof, as specified. ~~The bill would authorize that noncontracting dental provider to bill the subscriber or enrollee or policyholder or insured for any remaining amount due for those services~~ *specify that an insurer’s payment pursuant to this provision discharges the insurer’s obligation with respect to the amount paid. The bill would also require a noncontracting dental provider to disclose to the enrollee or insured or the legal representative thereof that the provider is a noncontracting provider prior to accepting an assignment of benefits.*

*Because a willful violation of the bill’s requirements with respect to health care service plans would be a crime, the 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 1374.196 is added to the Health and  
 2 Safety Code, to read:  
 3 1374.196. (a) For purposes of this section, “assignment of  
 4 benefits” means the transfer of reimbursement or other rights  
 5 provided for under a health care service plan contract to a treating  
 6 provider for services or items rendered to an enrollee.  
 7 (b) If a health care service plan pays a contracting dental  
 8 provider directly for covered services rendered to an enrollee, the  
 9 plan shall pay a noncontracting dental provider directly for covered  
 10 services rendered to an enrollee where the noncontracting provider  
 11 submits to the plan a written assignment of benefits signed by the  
 12 enrollee or, if the enrollee is a minor or is incompetent or  
 13 incapacitated, the legal representative thereof. When payment is  
 14 made directly to a noncontracting dental provider pursuant to this  
 15 section, the plan shall give written notice of the payment to the

1 enrollee who received the services or, if the enrollee is a minor or  
2 is incompetent or incapacitated, the legal representative thereof.

3 ~~(e) A noncontracting dental provider accepting an assignment~~  
4 ~~of benefits pursuant to this section may bill the individual~~  
5 ~~subscriber or enrollee for any amount due for services rendered~~  
6 ~~beyond the amount covered by the plan's fee schedule or specific~~  
7 ~~payment rate.~~

8 *(c) The amount of the payment made pursuant to this section*  
9 *shall not exceed the amount of the benefit covered by the plan*  
10 *contract with respect to the service or the billing of the provider*  
11 *of the service. Payment made pursuant to this section shall*  
12 *discharge the plan's obligation with respect to that amount paid.*

13 *(d) Prior to accepting an assignment of benefits, a*  
14 *noncontracting dental provider shall disclose to the enrollee or,*  
15 *if the enrollee is a minor or is incompetent or incapacitated, the*  
16 *legal representative thereof, that the provider is a noncontracting*  
17 *dental provider.*

18 ~~(d)~~

19 *(e) This section shall only apply to a health care service plan*  
20 *contract covering dental services or a specialized health care service*  
21 *plan contract covering dental services pursuant to this chapter.*

22 SEC. 2. Section 10120.4 is added to the Insurance Code, to  
23 read:

24 10120.4. (a) For purposes of this section, "assignment of  
25 benefits" means the transfer of reimbursement or other rights  
26 provided for under a health insurance policy to a treating provider  
27 for services or items rendered to an insured.

28 (b) If a health insurer pays a contracting dental provider directly  
29 for covered services rendered to an insured, the insurer shall pay  
30 a noncontracting dental provider directly for covered services  
31 rendered to an insured where the noncontracting provider submits  
32 to the insurer a written assignment of benefits signed by the insured  
33 or, if the insured is a minor or is incompetent or incapacitated, the  
34 legal representative thereof. When payment is made directly to a  
35 noncontracting dental provider pursuant to this section, the insurer  
36 shall give written notice of the payment to the insured who received  
37 the services or, if the insured is a minor or is incompetent or  
38 incapacitated, the legal representative thereof.

39 ~~(e) A noncontracting dental provider accepting an assignment~~  
40 ~~of benefits pursuant to this section may bill the individual~~

1 policyholder or insured for any amount due for services rendered  
2 beyond the amount covered by the insurer's fee schedule or specific  
3 payment rate.

4 (c) *The amount of the payment made pursuant to this section*  
5 *shall not exceed the amount of the benefit covered by the policy*  
6 *with respect to the service or the billing of the provider of the*  
7 *service. Payment made pursuant to this section shall discharge*  
8 *the insurer's obligation with respect to that amount paid.*

9 (d) *Prior to accepting an assignment of benefits, a*  
10 *noncontracting dental provider shall disclose to the insured or, if*  
11 *the insured is a minor or is incompetent or incapacitated, the legal*  
12 *representative thereof, that the provider is a noncontracting dental*  
13 *provider.*

14 ~~(e)~~

15 (e) This section shall only apply to a health insurance policy  
16 covering dental services or a specialized health insurance policy  
17 covering dental services pursuant to this part.

18 SEC. 3. No reimbursement is required by this act pursuant to  
19 Section 6 of Article XIII B of the California Constitution because  
20 the only costs that may be incurred by a local agency or school  
21 district will be incurred because this act creates a new crime or  
22 infraction, eliminates a crime or infraction, or changes the penalty  
23 for a crime or infraction, within the meaning of Section 17556 of  
24 the Government Code, or changes the definition of a crime within  
25 the meaning of Section 6 of Article XIII B of the California  
26 Constitution.