

AMENDED IN SENATE MAY 31, 2011

SENATE BILL

No. 635

Introduced by Senator Hernandez

February 18, 2011

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

LEGISLATIVE COUNSEL'S DIGEST

SB 635, as amended, Hernandez. Health care: workforce training.

Existing law provides for the licensing and regulation of health care service plans by the Department of Managed Health Care and imposes certain requirements on health care service plans. Existing law imposes various fines and administrative penalties for certain violations of these provisions, which are deposited in the Managed Care Administrative Fines and Penalties Fund. Existing law requires the first \$1,000,000 in the fund to be transferred each year to the Medically Underserved Account for Physicians in the Health Professions Education Fund for purposes of the Steven M. Thompson Physician Corps Loan Repayment Program. Existing law requires all remaining funds to be transferred each year to the Major Risk Medical Insurance Fund for purposes of the Major Risk Medical Insurance Program.

This bill, beginning on ~~January 1, 2014~~, *the date that the Major Risk Medical Insurance Program becomes inoperative*, would instead require all remaining funds over the first \$1,000,000 to be transferred each year to the Office of Statewide Health Planning and Development for the purposes of the Song-Brown Health Care Workforce Training Act. *The bill would require the Director of Finance to notify the Joint Legislative Budget Committee in that regard.*

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) (A) ~~Prior to January 1, 2014, any~~ Any amount over the first
 23 one million dollars (\$1,000,000), including accrued interest, in the
 24 fund shall be transferred to the Major Risk Medical Insurance Fund
 25 created pursuant to Section 12739 of the Insurance Code and shall,
 26 upon appropriation by the Legislature, be used for the Major Risk
 27 Medical Insurance Program for the purposes specified in Section
 28 12739.1 of the Insurance Code. *Transfers under this subparagraph*
 29 *shall cease on the date that the Managed Risk Medical Insurance*
 30 *Program becomes inoperative. The Director of Finance shall notify*
 31 *the Joint Legislative Budget Committee at the time the program*
 32 *becomes inoperative.*
 33 (B) ~~On and after January 1, 2014~~ Commencing with the date
 34 that transfers under subparagraph (A) cease, any amount over the
 35 first one million dollars (\$1,000,000), including accrued interest,

1 in the fund shall be transferred to the Office of Statewide Health
2 Planning and Development *for deposit in the Song-Brown Program*
3 *Account, which is hereby created, in the California Health Data*
4 *and Planning Fund*, and shall, upon appropriation by the
5 Legislature, be used for the purposes specified in the Song-Brown
6 Health Care Workforce Training Act (Article 1 (commencing with
7 Section 128200) of Chapter 4 of Part 3 of Division 107).

8 (d) Notwithstanding subdivision (b) of Section 1356 and Section
9 1356.1, the fines and administrative penalties authorized pursuant
10 to this chapter shall not be used to reduce the assessments imposed
11 on health care service plans pursuant to Section 1356.

O