

Introduced by Senator GainesFebruary 18, 2011

An act to add Section 1367.49 to the Health and Safety Code, and to add Section 10133.64 to the Insurance Code, relating to health care coverage.

LEGISLATIVE COUNSEL'S DIGEST

SB 751, as introduced, Gaines. Health care coverage: provider contracts.

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 also provides for the regulation of health insurers by the Department of Insurance. Existing law prohibits a contract between a plan or insurer and a health care provider from containing certain terms.

This bill would prohibit a contract by or on behalf of a plan or insurer and a licensed hospital, as defined, or any other licensed health care facility, as defined, owned by a licensed hospital to provide inpatient hospital services or ambulatory care services to subscribers and enrollees of the plan or policyholders and insureds of the insurer from containing a provision that restricts the ability of the plan or insurer to furnish information to subscribers or enrollees of the plan or policyholders or insureds of the insurer concerning the cost range of procedures at the hospital or licensed health care facility or the quality of services performed by the hospital or facility. The bill would make a contractual provision inconsistent with this requirement void and unenforceable.

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

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

1 SECTION 1. Section 1367.49 is added to the Health and Safety
2 Code, to read:

3 1367.49. (a) A contract issued, amended, renewed, or delivered
4 on or after January 1, 2012, by or on behalf of a health care service
5 plan and a licensed hospital or any other licensed health care
6 facility owned by a licensed hospital to provide inpatient hospital
7 services or ambulatory care services to subscribers and enrollees
8 of the plan shall not contain any provision that restricts the ability
9 of the health care service plan to furnish information to subscribers
10 or enrollees of the plan concerning the cost range of procedures
11 at the hospital or the licensed health care facility or the quality of
12 services performed by the hospital or facility.

13 (b) Any contractual provision inconsistent with this section
14 shall be void and unenforceable.

15 (c) For purposes of this section, the following definitions apply:

16 (1) "Licensed hospital" has the same meaning as set forth in
17 Section 4028 of the Business and Professions Code.

18 (2) "Licensed health care facility" means any institution or
19 health facility, other than a long-term health care facility as defined
20 pursuant to Section 1418, licensed by the State Department of
21 Public Health to deliver or furnish health care services.

22 (d) Section 1390 shall not apply for purposes of this section.

23 SEC. 2. Section 10133.64 is added to the Insurance Code, to
24 read:

25 10133.64. (a) A contract issued, amended, renewed, or
26 delivered on or after January 1, 2012, by or on behalf of a health
27 insurer and a licensed hospital or any other licensed health care
28 facility owned by a licensed hospital to provide inpatient hospital
29 services or ambulatory care services to policyholders and insureds
30 of the insurer shall not contain any provision that restricts the
31 ability of the health insurer to furnish information to policyholders
32 or insureds concerning the cost range of procedures at the hospital
33 or the licensed health care facility or the quality of services
34 provided by the hospital or facility.

35 (b) Any contractual provision inconsistent with this section
36 shall be void and unenforceable.

37 (c) For purposes of this section, the following definitions apply:

1 (1) “Licensed hospital” has the same meaning as set forth in
2 Section 4028 of the Business and Professions Code.

3 (2) “Licensed health care facility” means any institution or
4 health facility, other than a long-term health care facility as defined
5 pursuant to Section 1418 of the Health and Safety Code, licensed
6 by the State Department of Public Health to deliver or furnish
7 health care services.

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