

AMENDED IN SENATE MAY 11, 2011

SENATE BILL

No. 751

Introduced by ~~Senator~~ *Senators Gaines and Hernandez*

February 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 amended, 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~~ *contractual* provision inconsistent with this requirement void and unenforceable. *The bill would require a plan or insurer to annually*

provide a hospital or facility the opportunity to review and validate data provided to subscribers or enrollees of the plan or to policyholders or insureds of the insurer, as specified.

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~~ *contractual* provision inconsistent with
14 this section 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 (c) *A health care service plan shall, at a minimum, on an annual*
23 *basis, provide the hospital or facility a reasonable opportunity to*
24 *review and validate data provided to subscribers or enrollees*
25 *pursuant to subdivision (a).*

26 (d) *If the information proposed to be furnished to enrollees and*
27 *subscribers on the quality of services performed by a hospital or*
28 *facility is data that the plan has developed and compiled, the plan*
29 *shall utilize appropriate risk adjustment factors to account for*
30 *different characteristics of the population, such as case mix,*
31 *severity of patient’s condition, comorbidities, outlier episodes,*

1 *and other factors to account for differences in the use of health*
2 *care resources among hospitals and facilities.*

3 *(e) As it applies to this section, the cost range of a procedure*
4 *shall not include procedures for enrollees covered by capitated*
5 *payments in a contract between a health plan and a licensed*
6 *hospital or a licensed health care facility owned by a licensed*
7 *hospital.*

8 *(f) For the purposes of this section, “licensed hospital” means*
9 *those hospitals as defined in subdivisions (a), (b), and (f) of Section*
10 *1250.*

11 ~~(d)~~

12 *(g) Section 1390 shall not apply for purposes of this section.*

13 SEC. 2. Section 10133.64 is added to the Insurance Code, to
14 read:

15 10133.64. (a) A contract issued, amended, renewed, or
16 delivered on or after January 1, 2012, by or on behalf of a health
17 insurer and a licensed hospital or any other licensed health care
18 facility owned by a licensed hospital to provide inpatient hospital
19 services or ambulatory care services to policyholders and insureds
20 of the insurer shall not contain any provision that restricts the
21 ability of the health insurer to furnish information to policyholders
22 or insureds concerning the cost range of procedures at the hospital
23 or the licensed health care facility or the quality of services
24 provided by the hospital or facility.

25 (b) Any ~~contractual~~ *contractual* provision inconsistent with
26 this section shall be void and unenforceable.

27 ~~(e) For purposes of this section, the following definitions apply:~~

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

30 ~~(2) “Licensed health care facility” means any institution or~~
31 ~~health facility, other than a long-term health care facility as defined~~
32 ~~pursuant to Section 1418 of the Health and Safety Code, licensed~~
33 ~~by the State Department of Public Health to deliver or furnish~~
34 ~~health care services.~~

35 *(c) A health insurer shall, at a minimum, on an annual basis,*
36 *provide the hospital or facility a reasonable opportunity to review*
37 *and validate data provided to policyholders and insureds pursuant*
38 *to subdivision (a).*

39 *(d) If the information proposed to be furnished to policyholders*
40 *and insureds on the quality of services performed by a hospital or*

1 facility is data that the insurer has developed and compiled, the
 2 insurer shall utilize appropriate risk adjustment factors to account
 3 for different characteristics of the population, such as case mix,
 4 severity of patient’s condition, comorbidities, outlier episodes,
 5 and other factors to account for differences in the use of health
 6 care resources among hospitals and facilities.

7 (e) For the purposes of this section, “licensed hospital” means
 8 those hospitals as defined in subdivisions (a), (b), and (f) of Section
 9 1250 of the Health and Safety Code.

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CORRECTIONS:
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