

AMENDED IN ASSEMBLY MAY 24, 2013

AMENDED IN ASSEMBLY APRIL 8, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

**ASSEMBLY BILL**

**No. 578**

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**Introduced by Assembly Member Dickinson**

February 20, 2013

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An act to amend Section 1353 of the Health and Safety Code, and to add Section 717.7 to the Insurance Code, relating to health care.

LEGISLATIVE COUNSEL'S DIGEST

AB 578, as amended, Dickinson. Health care.

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 requires each application for licensure as a health care service plan or specialized health care service plan under these provisions to be accompanied by specified information. Existing law requires the Director of the Department of Managed Care to issue a license to an individual filing an application if the director determines that the applicant has satisfied certain requirements. Existing law also provides for the regulation of health insurers by the Department of Insurance and authorizes the Insurance Commissioner to issue a certificate of authority to transact insurance, as specified.

This bill would require that the director or commissioner publish a notice, upon receiving an application from a first time health care service plan applicant or health insurer applicant, that would include information regarding the applicant and nature of the application, as specified. The bill would also require the departments to allow comments to be

submitted through the departments’ Internet Web sites. The bill would require the director or commissioner to require the applicant to publish a written notice concerning the application pursuant to conditions imposed by the director or commissioner. The bill would require the director or commissioner to solicit, review, and consider public comments, as specified, and hold at least one public hearing if comments are received, prior to approving an application. *The bill would authorize a consolidated public hearing that considers each application independently whenever comments regarding 2 or more pending applications are received.*

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 1353 of the Health and Safety Code is  
 2 amended to read:  
 3 1353. (a) The director shall issue a license to any person filing  
 4 an application pursuant to this article, if the director, upon due  
 5 consideration of the application and of the information obtained  
 6 in any investigation, including, if necessary, an onsite inspection,  
 7 determines that the applicant has satisfied the provisions of this  
 8 chapter and that, in the judgment of the director, a disciplinary  
 9 action pursuant to Section 1386 would not be warranted against  
 10 the applicant. Otherwise, the director shall deny the application.  
 11 (b) For a first time health care service plan applicant, the director  
 12 shall publish a notice, upon receiving the application, in one or  
 13 more newspapers of general circulation in the proposed plan’s  
 14 service area, describing the name of the applicant, the nature of  
 15 the application, and the date of receipt of the application. The  
 16 notice shall indicate that the director is soliciting public comments  
 17 and may hold a public hearing on the application. The department  
 18 shall allow comments to be submitted through its Internet Web  
 19 site. The director shall require the applicant to publish a written  
 20 notice concerning the application pursuant to conditions imposed  
 21 by the director.  
 22 (c) Prior to approving the application, the director shall solicit,  
 23 review, and consider public comments in written form and shall  
 24 hold at least one public hearing if comments are received  
 25 concerning the application. *Whenever the director receives*

1 *comments regarding two or more pending applications, the director*  
2 *may hold one consolidated hearing that considers each application*  
3 *independently.*

4 SEC. 2. Section 717.7 is added to the Insurance Code, to read:

5 717.7. (a) For a first time applicant for a certificate of authority  
6 to transact health insurance, the commissioner shall publish a  
7 notice, upon receiving the application, in one or more newspapers  
8 of general circulation, describing the name of the applicant, the  
9 nature of the application, and the date of receipt of the application.  
10 The notice shall indicate that the commissioner is soliciting public  
11 comments and may hold a public hearing on the application. The  
12 department shall allow comments to be submitted through its  
13 Internet Web site. The commissioner shall require the applicant  
14 to publish a written notice concerning the application pursuant to  
15 conditions imposed by the commissioner.

16 (b) Prior to approving the application, the commissioner shall  
17 solicit, review, and consider public comments in written form and  
18 shall hold at least one public hearing if comments are received  
19 concerning the application. *Whenever the commissioner receives*  
20 *comments regarding two or more pending applications, the*  
21 *commissioner may hold one consolidated hearing that considers*  
22 *each application independently.*