

AMENDED IN SENATE AUGUST 19, 2014

AMENDED IN ASSEMBLY MAY 27, 2014

AMENDED IN ASSEMBLY APRIL 28, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 1578

Introduced by Assembly Member Pan
(Principal coauthor: Assembly Member Ting)
(Coauthor: Assembly Member Gordon)
(Coauthor: Senator Lieu)

January 30, 2014

~~An act to amend Section 12025 of the Government Code, relating to services contracts.~~ *An act to amend Sections 127660, 127662, 127664, and 127665 of the Health and Safety Code, relating to health, and declaring the urgency thereof, to take effect immediately.*

LEGISLATIVE COUNSEL'S DIGEST

AB 1578, as amended, Pan. ~~Online database: expenditures: service contracts.~~ *Health: The California Health Benefit Review Program.*

Existing law establishes the California Health Benefit Review Program to assess legislation that proposes to mandate or repeal a mandated health benefit or service, as defined. Existing law requests the University of California, to provide the analysis to the appropriate policy and fiscal committees of the Legislature within 60 days after receiving a request for the analysis. Existing law also requests that the university report to the Governor and the Legislature on the implementation of the program by January 1, 2014.

This bill would request the University of California to include essential health benefits and the impact on the California Health Benefit

Exchange in the analysis prepared under the program. The bill would further request that the University of California assess legislation that impacts health insurance benefit design, cost sharing, premiums, and other health insurance topics. The bill would request that the university provide the analysis to the appropriate policy and fiscal committees of the Legislature not later than 60 days, or in a manner and pursuant to a timeline agreed to by the Legislature and the program, after receiving the request, as specified. The bill would also extend the date by which the university is requested to report to the Governor and the Legislature on the implementation program until January 1, 2016.

Existing law establishes the Health Care Benefits Fund to support the university in implementing the program. Existing law imposes an annual charge on health care service plans and health insurers, as specified, to be deposited into the fund. Existing law prohibits the total annual assessment pursuant to that provision from exceeding \$2,000,000. Under existing law, the fund and the program are repealed as of June 30, 2015.

This bill would extend until June 30, 2016, the operative date of the program and the fund, including the annual charge on health care service plans and health insurers. The bill would repeal the above-described provisions as of June 30, 2016.

This bill would declare that it is to take effect immediately as an urgency statute.

~~Existing law requires the Financial Information System for California (FISCAl) to include a state budget transparency component that allows the public to have access, on an Internet Web site, to specified information for each General Fund and federal fund expenditure. Existing law requires, upon full implementation of the FISCAl Project for state departments and agencies that are utilizing the full functionality of the FISCAl system, specified information regarding contracts for services in the amount of \$5,001 or more to be made available to the public on the FISCAl Project Internet Web site in a format that allows for searching and sorting by specified categories.~~

~~This bill would specify additional categories for searching and sorting on the FISCAl Project Internet Web site, including the funding source for the contract and information about personal services contracts.~~

~~The bill would require the Department of Finance to compile information under the categories on the FISCAl Project Internet Web site in an annual Personal Services Contractor Expenditure Budget to accompany the Governor's Budget.~~

Vote: ~~majority~~^{2/3}. 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 127660 of the Health and Safety Code is
2 amended to read:

3 127660. (a) The Legislature hereby requests the University of
4 California to establish the California Health Benefit Review
5 Program to assess legislation proposing to mandate a benefit or
6 service, as defined in subdivision ~~(e)~~, (d), and legislation proposing
7 to repeal a mandated benefit or service, as defined in subdivision
8 ~~(d)~~, (e), and to prepare a written analysis with relevant data on the
9 following:

10 (1) Public health impacts, including, but not limited to, all of
11 the following:

12 (A) The impact on the health of the community, including the
13 reduction of communicable disease and the benefits of prevention
14 such as those provided by childhood immunizations and prenatal
15 care.

16 (B) The impact on the health of the community, including
17 diseases and conditions where gender and racial disparities in
18 outcomes are established in peer-reviewed scientific and medical
19 literature.

20 (C) The extent to which the benefit or service reduces premature
21 death and the economic loss associated with disease.

22 (2) Medical impacts, including, but not limited to, all of the
23 following:

24 (A) The extent to which the benefit or service is generally
25 recognized by the medical community as being effective in the
26 screening, diagnosis, or treatment of a condition or disease, as
27 demonstrated by a review of scientific and peer reviewed medical
28 literature.

29 (B) The extent to which the benefit or service is generally
30 available and utilized by treating physicians.

31 (C) The contribution of the benefit or service to the health status
32 of the population, including the results of any research
33 demonstrating the efficacy of the benefit or service compared to
34 alternatives, including not providing the benefit or service.

1 (D) The extent to which mandating or repealing the benefits or
2 services would not diminish or eliminate access to currently
3 available health care benefits or services.

4 (3) Financial impacts, including, but not limited to, all of the
5 following:

6 (A) The extent to which the coverage or repeal of coverage will
7 increase or decrease the benefit or cost of the benefit or service.

8 (B) The extent to which the coverage or repeal of coverage will
9 increase the utilization of the benefit or service, or will be a
10 substitute for, or affect the cost of, alternative benefits or services.

11 (C) The extent to which the coverage or repeal of coverage will
12 increase or decrease the administrative expenses of health care
13 service plans and health insurers and the premium and expenses
14 of subscribers, enrollees, and policyholders.

15 (D) The impact of this coverage or repeal of coverage on the
16 total cost of health care.

17 (E) The potential cost or savings to the private sector, including
18 the impact on small employers as defined in paragraph (1) of
19 subdivision (l) of Section 1357, the Public Employees' Retirement
20 System, other retirement systems funded by the state or by a local
21 government, individuals purchasing individual health insurance,
22 and publicly funded state health insurance programs, including
23 the Medi-Cal program and the Healthy Families Program.

24 (F) The extent to which costs resulting from lack of coverage
25 or repeal of coverage are or would be shifted to other payers,
26 including both public and private entities.

27 (G) The extent to which mandating or repealing the proposed
28 benefit or service would not diminish or eliminate access to
29 currently available health care benefits or services.

30 (H) The extent to which the benefit or service is generally
31 utilized by a significant portion of the population.

32 (I) The extent to which health care coverage for the benefit or
33 service is already generally available.

34 (J) The level of public demand for health care coverage for the
35 benefit or service, including the level of interest of collective
36 bargaining agents in negotiating privately for inclusion of this
37 coverage in group contracts, and the extent to which the mandated
38 benefit or service is covered by self-funded employer groups.

39 (K) In assessing and preparing a written analysis of the financial
40 impact of legislation proposing to mandate a benefit or service and

1 legislation proposing to repeal a mandated benefit or service
2 pursuant to this paragraph, the Legislature requests the University
3 of California to use a certified actuary or other person with relevant
4 knowledge and expertise to determine the financial impact.

5 *(4) The impact on essential health benefits, as defined in Section*
6 *1367.005 and Section 10112.27 of the Insurance Code, and the*
7 *impact on the California Health Benefit Exchange.*

8 *(b) The Legislature further requests that the California Health*
9 *Benefits Review Program assess legislation that impacts health*
10 *insurance benefit design, cost sharing, premiums, and other health*
11 *insurance topics.*

12 ~~(b)~~

13 *(c) The Legislature requests that the University of California*
14 *provide every analysis to the appropriate policy and fiscal*
15 *committees of the Legislature not later than 60 days days, or in a*
16 *manner and pursuant to a timeline agreed to by the Legislature*
17 *and the California Health Benefits Review Program, after receiving*
18 *a request made pursuant to Section 127661. In addition, the*
19 *Legislature requests that the university post every analysis on the*
20 *Internet and make every analysis available to the public upon*
21 *request.*

22 ~~(e)~~

23 *(d) As used in this section, “legislation proposing to mandate a*
24 *benefit or service” means a proposed statute that requires a health*
25 *care service plan or a health insurer, or both, to do any of the*
26 *following:*

27 *(1) Permit a person insured or covered under the policy or*
28 *contract to obtain health care treatment or services from a particular*
29 *type of health care provider.*

30 *(2) Offer or provide coverage for the screening, diagnosis, or*
31 *treatment of a particular disease or condition.*

32 *(3) Offer or provide coverage of a particular type of health care*
33 *treatment or service, or of medical equipment, medical supplies,*
34 *or drugs used in connection with a health care treatment or service.*

35 ~~(d)~~

36 *(e) As used in this section, “legislation proposing to repeal a*
37 *mandated benefit or service” means a proposed statute that, if*
38 *enacted, would become operative on or after January 1, 2008, and*
39 *would repeal an existing requirement that a health care service*
40 *plan or a health insurer, or both, do any of the following:*

1 (1) Permit a person insured or covered under the policy or
2 contract to obtain health care treatment or services from a particular
3 type of health care provider.

4 (2) Offer or provide coverage for the screening, diagnosis, or
5 treatment of a particular disease or condition.

6 (3) Offer or provide coverage of a particular type of health care
7 treatment or service, or of medical equipment, medical supplies,
8 or drugs used in connection with a health care treatment or service.

9 *SEC. 2. Section 127662 of the Health and Safety Code is*
10 *amended to read:*

11 127662. (a) In order to effectively support the University of
12 California and its work in implementing this chapter, there is
13 hereby established in the State Treasury, the Health Care Benefits
14 Fund. The university’s work in providing the bill analyses shall
15 be supported from the fund.

16 (b) For fiscal years 2010–11 to ~~2014–15~~, 2015–16, inclusive,
17 each health care service plan, except a specialized health care
18 service plan, and each health insurer, as defined in Section 106 of
19 the Insurance Code, shall be assessed an annual fee in an amount
20 determined through regulation. The amount of the fee shall be
21 determined by the Department of Managed Health Care and the
22 Department of Insurance in consultation with the university and
23 shall be limited to the amount necessary to fund the actual and
24 necessary expenses of the university and its work in implementing
25 this chapter. The total annual assessment on health care service
26 plans and health insurers shall not exceed two million dollars
27 (\$2,000,000).

28 (c) The Department of Managed Health Care and the Department
29 of Insurance, in coordination with the university, shall assess the
30 health care service plans and health insurers, respectively, for the
31 costs required to fund the university’s activities pursuant to
32 subdivision (b).

33 (1) Health care service plans shall be notified of the assessment
34 on or before June 15 of each year with the annual assessment notice
35 issued pursuant to Section 1356. The assessment pursuant to this
36 section is separate and independent of the assessments in Section
37 1356.

38 (2) Health insurers shall be noticed of the assessment in
39 accordance with the notice for the annual assessment or quarterly
40 premium tax revenues.

1 (3) The assessed fees required pursuant to subdivision (b) shall
 2 be paid on an annual basis no later than August 1 of each year.
 3 The Department of Managed Health Care and the Department of
 4 Insurance shall forward the assessed fees to the Controller for
 5 deposit in the Health Care Benefits Fund immediately following
 6 their receipt.

7 (4) “Health insurance,” as used in this subdivision, does not
 8 include Medicare supplement, vision-only, dental-only, or
 9 CHAMPUS supplement insurance, or hospital indemnity,
 10 accident-only, or specified disease insurance that does not pay
 11 benefits on a fixed benefit, cash payment only basis.

12 *SEC. 3. Section 127664 of the Health and Safety Code is*
 13 *amended to read:*

14 127664. The Legislature requests the University of California
 15 to submit a report to the Governor and the Legislature by January
 16 1, ~~2014~~, 2016, regarding the implementation of this chapter. *This*
 17 *report shall be submitted in compliance with Section 9795 of the*
 18 *Government Code.*

19 *SEC. 4. Section 127665 of the Health and Safety Code is*
 20 *amended to read:*

21 127665. This chapter shall remain in effect until June 30, ~~2015~~,
 22 2016, and shall be repealed as of that date, unless a later enacted
 23 statute that becomes operative on or before June 30, ~~2015~~, 2016,
 24 deletes or extends that date.

25 *SEC. 5. This act is an urgency statute necessary for the*
 26 *immediate preservation of the public peace, health, or safety within*
 27 *the meaning of Article IV of the Constitution and shall go into*
 28 *immediate effect. The facts constituting the necessity are:*

29 *In order to ensure that the University of California is provided*
 30 *with sufficient advance notice regarding the continuing duties of*
 31 *the university to plan and carry out the necessary research and*
 32 *analysis requested pursuant to this act, it is necessary that this act*
 33 *take effect immediately.*

34 ~~SECTION 1. Section 12025 of the Government Code is~~
 35 ~~amended to read:~~

36 ~~12025. (a) Upon full implementation of the Financial~~
 37 ~~Information System for California (FISCAL) Project for state~~
 38 ~~departments and agencies that are utilizing the full functionality~~
 39 ~~of the FISCAL system, information regarding contracts for services~~
 40 ~~in the amount of five thousand one dollars (\$5,001) or more shall~~

1 be made available to the public on the FISCAl Project Internet Web
2 site in a format that allows for searching and sorting by the
3 following categories:
4 (1) A description of the contract and the services being
5 purchased.
6 (2) A description of the personal services contract and services
7 being purchased.
8 (3) The name of the agency, department, or division contracting
9 for the services.
10 (4) The name of the contractor and any and all subcontractors,
11 unless otherwise exempt from disclosure.
12 (5) The effective date and expiration date of the contract.
13 (6) The annual amounts paid or to be paid under the contract,
14 to the contractor, in all fiscal years during which the contract will
15 be in effect, by funding source.
16 (7) The original amount of the contract and the total projected
17 cost of the contract, or maximum cost the contract is prohibited
18 from exceeding, for all fiscal years during which the contract will
19 be in effect, by funding source.
20 (8) The acquisition method.
21 (b) The Department of Finance shall compile the information
22 listed in paragraphs (2) to (8), inclusive, of subdivision (a) in an
23 annual Personal Services Contractor Expenditure Budget
24 accompanying the Governor's Budget.