

AMENDED IN SENATE APRIL 14, 2016

**SENATE BILL**

**No. 1471**

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**Introduced by Senator Hernandez**

February 19, 2016

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~~An act to amend Section 1363.5 of the Health and Safety Code, and to amend Section 10123.135 of the Insurance Code, relating to health care coverage. An act to amend Sections 1341.45, 128551, and 128552 of, and to add Section 128555.5 to, the Health and Safety Code, relating to health professions development.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 1471, as amended, Hernandez. ~~Health care coverage: services: authorization and denial. Health professions development: loan repayment.~~

*Existing law establishes the Steven M. Thompson Physician Corps Loan Repayment Program in the California Physician Corps Program within the Health Professions Education Foundation, which provides financial incentives, including repayment of educational loans, to a physician and surgeon who practices in a medically underserved area, as defined. Existing law establishes the Medically Underserved Account for Physicians, a continuously appropriated account, within the Health Professions Education Fund that is managed by the Health Professions Education Foundation and the Office of Statewide Health Planning and Development, to primarily provide funding for the ongoing operations of the Steven M. Thompson Physician Corps Loan Repayment Program.*

*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 and imposes certain*

*requirements on health care service plans. Existing law imposes various fines and administrative penalties on health care service plans for certain violations of the act, which are deposited into 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 and to be used, upon appropriation by the Legislature, 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 and to be used, upon appropriation by the Legislature, for purposes of the Major Risk Medical Insurance Program.*

*This bill would expand the eligibility for loan repayment funds under the Steven M. Thompson Physician Corps Loan Repayment Program to include those physicians providing psychiatric services. The bill would provide that continuously appropriated funds deposited into the Medically Underserved Account for Physicians shall not be made available under the Steven M. Thompson Physician Corps Loan Repayment Program to fund the repayment of loans for those physicians providing psychiatric services or those physicians whose primary specialty is psychiatry, as specified.*

*The bill would instead require, after the first \$1,000,000 is transferred from the Managed Care Administrative Fines and Penalties Fund to the Medically Underserved Account for Physicians, \$1,000,000 to be transferred each year to the Major Risk Medical Insurance Fund to be used, upon appropriation by the Legislature, for the Major Risk Medical Insurance Program. The bill would require any amount remaining over the amounts transferred to the Medically Underserved Account for Physicians and the Major Risk Medical Insurance Fund to be transferred each year to the Medically Underserved Account for Physicians to be used, upon appropriation by the Legislature, for the Steven M. Thompson Physician Corps Loan Repayment Program, and provide that one-half of these moneys are to be used to fund the repayment of loans for those physicians providing psychiatric services or those physicians whose primary specialty is psychiatry under the Steven M. Thompson Physician Corps Loan Repayment Program.*

*The bill would also delete a reference to an obsolete program and make other technical, nonsubstantive changes.*

~~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, and makes a willful violation of its provisions a crime. Existing law provides for the regulation of health insurers by the Department of Insurance. Existing law requires health care service plans and insurers to disclose or provide for the disclosure to specified entities persons and the process that the plan uses to authorize or deny health care services under the benefits provided by the plan, including coverage for subacute care, transitional inpatient care, or care provided in skilled nursing facilities.~~

~~This bill would expand the above requirement to include disclosure of the process the plan uses to authorize or deny behavioral health treatment. By changing the definition of an existing crime with respect to health care service plans, this bill would impose a state-mandated local program.~~

~~The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.~~

~~This bill would provide that no reimbursement is required by this act for a specified reason.~~

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: *yes-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 September 30, 2008, shall be deposited  
7     into the Managed Care Administrative Fines and Penalties Fund.

8     (c) The fines and administrative penalties deposited into the  
9     Managed Care Administrative Fines and Penalties Fund shall be  
10    transferred by the department, ~~beginning September 1, 2009, and~~  
11    ~~annually thereafter, annually,~~ as follows:

12    (1) The first one million dollars (\$1,000,000) shall be transferred  
13    to the Medically Underserved Account for Physicians within the  
14    Health Professions Education Fund and shall, upon appropriation  
15    by the Legislature, be used for the purposes of the Steven M.  
16    Thompson Physician Corps Loan Repayment Program, as specified  
17    in Article 5 (commencing with Section 128550) ~~or of Chapter 5~~

1 of Part 3 of Division 107 and, notwithstanding Section 128555,  
2 shall not be used to provide funding for the Physician Volunteer  
3 Program.

4 (2) ~~Any~~ *Until January 1, 2017, any amount over the first one*  
5 *million dollars (\$1,000,000), including accrued interest, in the*  
6 *fund shall be transferred to the Major Risk Medical Insurance Fund*  
7 *continued pursuant to Section 15893 of the Welfare and Institutions*  
8 *Code and shall, upon appropriation by the Legislature, be used for*  
9 *the Major Risk Medical Insurance Program for the purposes*  
10 *specified in Section 15894 of the Welfare and Institutions Code.*

11 (3) *On and after January 1, 2017, and annually thereafter, the*  
12 *second one million dollars (\$1,000,000) shall be transferred to*  
13 *the Major Risk Medical Insurance Fund continued pursuant to*  
14 *Section 15893 of the Welfare and Institutions Code and shall, upon*  
15 *appropriation by the Legislature, be used for the Major Risk*  
16 *Medical Insurance Program for the purposes specified in Section*  
17 *15894 of the Welfare and Institutions Code.*

18 (4) (A) *On and after January 1, 2017 any amount over the first*  
19 *two million dollars (\$2,000,000), including accrued interest, in*  
20 *the fund shall be transferred to the Medically Underserved Account*  
21 *for Physicians within the Health Professions Education Fund and*  
22 *shall, upon appropriation by the Legislature, and subject to*  
23 *subparagraph (B), be used for the purposes of the Steven M.*  
24 *Thompson Physician Corps Loan Repayment Program, as specified*  
25 *in Article 5 (commencing with Section 128550) of Chapter 5 of*  
26 *Part 3 of Division 107 and, notwithstanding Section 128555, shall*  
27 *not be used to provide funding for the Physician Volunteer*  
28 *Program.*

29 (B) *One-half of the moneys deposited into the Medically*  
30 *Underserved Account for Physicians within the Health Professions*  
31 *Education Fund under this paragraph shall, upon appropriation*  
32 *by the Legislature, be used to fund the repayment of loans for those*  
33 *physicians providing psychiatric services or those physicians whose*  
34 *primary specialty is psychiatry under the Steven M. Thompson*  
35 *Physician Corps Loan Repayment Program, as specified in Article*  
36 *5 (commencing with Section 128550) of Chapter 5 of Part 3 of*  
37 *Division 107.*

38 (d) Notwithstanding subdivision (b) of Section 1356 and Section  
39 1356.1, the fines and administrative penalties authorized pursuant

1 to this chapter shall not be used to reduce the assessments imposed  
2 on health care service plans pursuant to Section 1356.

3 ~~(e) The amendments made to this section by the act adding this~~  
4 ~~subdivision shall become operative on July 1, 2014.~~

5 *SEC. 2. Section 128551 of the Health and Safety Code is*  
6 *amended to read:*

7 128551. (a) It is the intent of this article that the Health  
8 Professions Education Foundation and the office provide the  
9 ongoing program management of the two programs identified in  
10 subdivision (b) of Section 128550 as a part of the California  
11 Physician Corps Program.

12 (b) For purposes of subdivision (a), the foundation shall consult  
13 with the Medical Board of California, Office of Statewide *Health*  
14 *Planning and Development*, and shall establish and consult with  
15 an advisory committee of not more than seven members, that shall  
16 include two members recommended by the California Medical  
17 Association and may include other members of the medical  
18 community, including ethnic representatives, medical schools,  
19 health advocates representing ethnic communities, primary care  
20 clinics, public hospitals, and health systems, statewide agencies  
21 administering state and federally funded programs targeting  
22 underserved communities, and members of the public with  
23 expertise in health care issues.

24 *SEC. 3. Section 128552 of the Health and Safety Code is*  
25 *amended to read:*

26 128552. For purposes of this article, the following definitions  
27 shall apply:

28 (a) “Account” means the Medically Underserved Account for  
29 Physicians established within the Health Professions Education  
30 Fund pursuant to this article.

31 (b) “Foundation” means the Health Professions Education  
32 Foundation.

33 (c) “Fund” means the Health Professions Education Fund.

34 (d) “Medi-Cal threshold languages” means primary languages  
35 spoken by limited-English-proficient (LEP) population groups  
36 meeting a numeric threshold of 3,000, eligible LEP Medi-Cal  
37 beneficiaries residing in a county, 1,000 Medi-Cal eligible LEP  
38 beneficiaries residing in a single ZIP Code, or 1,500 LEP Medi-Cal  
39 beneficiaries residing in two contiguous ZIP Codes.

1 (e) “Medically underserved area” means an area defined as a  
2 health professional shortage area in Part 5 (*commencing with*  
3 *Section 5.1*) of Subchapter A of Chapter 1 of Title 42 of the Code  
4 of Federal Regulations or an area of the state where unmet priority  
5 needs for physicians exist as determined by the California  
6 Healthcare Workforce Policy Commission pursuant to Section  
7 128225.

8 (f) “Medically underserved population” means the Medi-Cal  
9 ~~program, Healthy Families Program, program~~ and uninsured  
10 populations.

11 (g) “Office” means the Office of Statewide Health Planning and  
12 Development (OSHPD).

13 (h) “Physician Volunteer Program” means the Physician  
14 Volunteer Registry Program established by the Medical Board of  
15 California.

16 (i) “Practice setting,” for the purposes of this article only, means  
17 either of the following:

18 (1) A community clinic as defined in subdivision (a) of Section  
19 1204 and subdivision (c) of Section 1206, a clinic owned or  
20 operated by a public hospital and health system, or a clinic owned  
21 and operated by a hospital that maintains the primary contract with  
22 a county government to fulfill the county’s role pursuant to Section  
23 17000 of the Welfare and Institutions Code, which is located in a  
24 medically underserved area and at least 50 percent of whose  
25 patients are from a medically underserved population.

26 (2) A physician owned and operated medical practice setting  
27 that provides primary care *or psychiatric services* located in a  
28 medically underserved area and has a minimum of 50 percent of  
29 patients who are uninsured, Medi-Cal beneficiaries, or beneficiaries  
30 of another publicly funded program that serves patients who earn  
31 less than 250 percent of the federal poverty level.

32 (j) “Primary specialty” means family practice, internal medicine,  
33 pediatrics, *psychiatry*, or obstetrics/gynecology.

34 (k) “Program” means the Steven M. Thompson Physician Corps  
35 Loan Repayment Program.

36 (l) “Selection committee” means a minimum three-member  
37 committee of the board, that includes a member that was appointed  
38 by the Medical Board of California.

39 *SEC. 4. Section 128555.5 is added to the Health and Safety*  
40 *Code, to read:*

1 *128555.5. Notwithstanding subdivision (e) of Section 128555,*  
2 *funds deposited into the Medically Underserved Account for*  
3 *Physicians shall not be made available to fund the repayment of*  
4 *loans under the Steven M. Thompson Physician Corps Loan*  
5 *Repayment Program for those physicians providing psychiatric*  
6 *services or those physicians whose primary specialty is psychiatry,*  
7 *except as provided in subparagraph (B) of paragraph (4) of*  
8 *subdivision (c) of Section 1341.45.*

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**All matter omitted in this version of the bill  
appears in the bill as introduced in the  
Senate, February 19, 2016. (JR11)**