

**Assembly Bill No. 1572**

CHAPTER 625

An act to amend Section 101755 of the Health and Safety Code, to add Sections 12693.105, 12693.16, and 12693.365 to the Insurance Code and to amend Sections 14087.51, 14087.52, and 14087.53 of the Welfare and Institutions Code, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor October 2, 1997. Filed  
with Secretary of State October 3, 1997.]

LEGISLATIVE COUNSEL'S DIGEST

AB 1572, Villaraigosa. Health services.

(1) Existing law permits a special commission to be created in San Mateo County, San Bernardino County, Santa Barbara County, and Ventura County, in order to, among other things, enter into contracts for the provision of health care services to the county's Medi-Cal recipients.

This bill would, in addition, permit these commissions to enter into contracts for the provision of health care services to subscribers in the Healthy Families Program proposed to be created by AB 1126 of the 1997-98 Regular Session.

(2) The bill would appropriate \$1,770,000 from the General Fund for allocation, as specified, in the 1997-98 fiscal year, to the Managed Risk Medical Insurance Board for the establishment of the Healthy Families Program, and to the State Department of Health Services to implement specified changes in Medi-Cal and to develop and operate an education and outreach campaign proposed pursuant to SB 903 of the 1997-98 Regular Session. The bill would also appropriate \$3,132,000 from the federal trust fund for allocation, as specified in the 1997-98 fiscal year, for these purposes.

(3) The bill would also make changes to the Healthy Families Program proposed to be created by AB 1126 and SB 903 of the 1997-98 Regular Session related to participation of geographic managed care plans, as defined, in the Healthy Families Program to be operated by the Managed Risk Medical Insurance Board.

(4) The bill would declare that it should take effect immediately as an urgency statute.

Appropriation: yes.

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

SECTION 1. Section 101755 of the Health and Safety Code is amended to read:



101755. Notwithstanding any other provision of law, the state or any state agency may enter into contracts with the authority for the authority to obtain or arrange for health care under the authority's health care systems, for all persons who are eligible to receive medical benefits under the Medi-Cal Act, as set forth in Section 14000 et seq., of the Welfare and Institutions Code, and to enter into contracts for the provision of health care services to subscribers in the Healthy Families Program, in Santa Barbara County through waiver, pilot project, or otherwise.

SEC. 2. Section 12693.105 is added to the Insurance Code, to read:

12693.105. A health care service plan, as defined in subdivision (b) of Section 12693.10, shall include a plan operating as a geographic managed care plan.

SEC. 3. Section 12693.16 is added to the Insurance Code, to read:

12693.16. "Geographic managed care plan" means an entity that is operating pursuant to a contract entered into under Article 2.91 (commencing with Section 14089) of Chapter 7 of Part 3 of Division 9 of the Welfare and Institutions Code.

SEC. 4. Section 12693.365 is added to the Insurance Code, to read:

12693.365. Geographic managed care plans that have a contract with the Department of Health Services, that contract with the program, and that are licensed by the Department of Corporations but do not have a commercial license from the Department of Corporations, may contract with the board for a maximum of 12 months. During this 12-month period, those plans shall be required to be in good standing with the Department of Corporations and shall demonstrate to the board that they are making a good faith effort to obtain a commercial license from the Department of Corporations. In their application to the program, those plans shall provide assurance of their standing with the Department of Corporations and shall outline their plans for obtaining commercial licensure.

SEC. 5. Section 14087.51 of the Welfare and Institutions Code is amended to read:

14087.51. It is necessary that a special commission be established in San Mateo County and in any other county designated by the California Medical Assistance Commission in order to meet the problems of the delivery of publicly assisted medical care in the counties and to demonstrate ways of promoting quality care and cost efficiency.

The Board of Supervisors of San Mateo County and of the designated counties may, by ordinance, establish commissions to negotiate the exclusive contracts specified in Section 14087.5 and to arrange for the provision of health care services provided pursuant to this chapter, and to enter into contracts for the provision of health care services to subscribers in the Healthy Families Program. If the board of supervisors elects to enact this ordinance, all rights, powers, duties, privileges, and immunities vested in a county by this article



shall be vested in the county commission. Any reference in this article to “county” shall mean a commission established pursuant to this section.

The enabling ordinance shall specify the membership of the county commission, the qualifications for individual members, and such other matters as the board of supervisors deems necessary or convenient for the conduct of the county commission’s activities. All commissioners shall be appointed by majority vote of the board of supervisors and shall serve at the pleasure thereof. The board of supervisors may appoint no more than two of its own members to serve on the commission.

As an alternative to establishing a separate commission, the enabling ordinance may designate the board of supervisors itself as the commission authorized by this article.

SEC. 6. Section 14087.52 of the Welfare and Institutions Code is amended to read:

14087.52. (a) It is necessary that a special commission be established in San Bernardino County in order to meet the problems of the delivery of publicly assisted medical care in the county and to demonstrate ways of promoting quality care and cost efficiency. Because there is no general law under which such a commission could be formed, the adoption of a special act and the formation of a special commission is required.

(b) The Board of Supervisors of San Bernardino County may, by ordinance, establish a commission to negotiate the exclusive contract specified in Section 14087.5 and to arrange for the provision of health care services provided pursuant to this chapter, and to enter into contracts for the provision of health care services to subscribers in the Healthy Families Program. If the board of supervisors elects to enact this ordinance, all rights, powers, duties, privileges, and immunities vested in a county by this article shall be vested in the county commission. Any reference in this article to “county” shall mean the commission established pursuant to this section.

(c) It is the intent of the Legislature that if such a commission is formed, the County of San Bernardino shall, with respect to its medical facilities and programs, occupy no greater or lesser status than any other health care provider in negotiating with the commission for contracts to provide health care services.

(d) The enabling ordinance shall specify the membership of the county commission, the qualifications for individual members, the manner of appointment, selection, or removal of commissioners, and how long they shall serve, and any other matters as the board of supervisors deems necessary or convenient for the conduct of the county commission’s activities. The commission so established shall be considered an entity separate from the county, shall file the statement required by Section 53051 of the Government Code, and shall have, in addition to the rights, powers, duties, privileges, and



immunities previously conferred, the power to acquire, possess, and dispose of real or personal property, as may be necessary for the performance of its functions, to employ personnel and contract for services required to meet its obligations, and to sue or be sued. Any obligations of the commission, statutory, contractual, or otherwise, shall be the obligations solely of the commission and shall not be the obligations of the county or of the state unless expressly provided for in a contract between the commission and the county or state.

(e) Upon creation, the commission may borrow from the county, and the county may lend the commission funds, or issue revenue anticipation notes to obtain those funds necessary to commence operations.

(f) In the event the commission may no longer function for the purposes for which established, at such time as the commission's then existing obligations have been satisfied or the commission's assets have been exhausted, the board of supervisors may by ordinance terminate the commission.

(g) Prior to the termination of the commission, the board of supervisors shall notify the State Department of Health Services of its intent to terminate the commission. The department shall conduct an audit of the commission's records within 30 days of notification to determine the liabilities and assets of the commission. The department shall report its findings to the board within 10 days of completion of the audit. The board shall prepare a plan to liquidate or otherwise dispose of the assets of the commission and to pay the liabilities of the commission to the extent of the commission's assets, and present the plan to the department within 30 days upon receipt of these findings.

(h) Upon termination of the commission by the board, the County of San Bernardino shall manage any remaining assets of the commission until superseded by a department approved plan. Any liabilities of the commission shall not become obligations of the county upon either the termination of the commission or the liquidation or disposition of the commission's remaining assets.

(i) Any assets of the commission shall be disposed of pursuant to provisions contained in the contract entered into between the state and the commission pursuant to this article.

SEC. 7. Section 14087.53 of the Welfare and Institutions Code is amended to read:

14087.53. (a) It is necessary that a special commission be established in Ventura County in order to meet the problems of the delivery of publicly assisted medical care in the county and to demonstrate ways of promoting quality care and cost efficiency. Because there is no general law under which such a commission could be formed, the adoption of a special act and the formation of a special commission is required.



(b) The Board of Supervisors of Ventura County may, by ordinance, establish a commission to negotiate the exclusive contract specified in Section 14087.5 and to arrange for the provision of health care services provided pursuant to this chapter, and to enter into contracts for the provision of health care services to subscribers in the Healthy Families Program. If the board of supervisors elects to enact this ordinance, all rights, powers, duties, privileges, and immunities vested in a county by this article shall be vested in the county commission. Any reference in this article to “county” shall mean the commission established pursuant to this section.

(c) The enabling ordinance shall specify the membership of the county commission, the qualifications for individual members, the manner of appointment, selection, or removal of commissioners, and how long they shall serve, and any other matters as the board of supervisors deems necessary or convenient for the conduct of the county commission’s activities. The commission so established shall be considered an entity separate from the county, shall file the statement required by Section 53051 of the Government Code, and shall have, in addition to the rights, powers, duties, privileges, and immunities previously conferred, the power to acquire, possess, and dispose of real or personal property, as may be necessary for the performance of its functions, to employ personnel and contract for services required to meet its obligations, and to sue or be sued. Any obligations of the commission, statutory, contractual, or otherwise, shall be the obligations solely of the commission and shall not be the obligations of the county or of the state.

(d) Upon creation, the commission may borrow from the county and the county may lend the commission funds, or issue revenue anticipation notes to obtain those funds necessary to commence operations.

(e) In the event the commission may no longer function for the purposes for which established, at such time as the commission’s then existing obligations have been satisfied or the commission’s assets have been exhausted, the board of supervisors may by ordinance terminate the commission.

(f) Prior to the termination of the commission, the board of supervisors shall notify the State Department of Health Services of its intent to terminate the commission. The department shall conduct an audit of the commission’s records within 30 days of notification to determine the liabilities and assets of the commission. The department shall report its findings to the board within 10 days of completion of the audit. The board shall prepare a plan to liquidate or otherwise dispose of the assets of the commission and to pay the liabilities of the commission to the extent of the commission’s assets, and present the plan to the department within 30 days upon receipt of these findings.



(g) Any assets of the commission shall be disposed of pursuant to provisions contained in the contract entered into between the state and the commission pursuant to this article.

(h) It is the intent of the Legislature that if such a commission is formed, the County of Ventura shall, with respect to its medical facilities and programs, occupy no greater or lesser status than any other health care provider in negotiating with the commission for contracts to provide health care services.

(i) Upon termination of the commission by the board, the County of Ventura shall manage any assets of the commission until superseded by a department approved plan. Any liabilities of the commission shall not become obligations of the county upon either the termination of the commission or the liquidation or disposition of the commission's remaining assets.

SEC. 8. (a) There is hereby appropriated from the General Fund the sum of one million seven hundred seventy thousand dollars (\$1,770,000), for the 1997-98 fiscal year, to be allocated as soon after the effective date of the act enacting this section as practical. These funds shall be allocated as follows:

(1) Five hundred sixty thousand dollars (\$560,000) to the Managed Risk Medical Insurance Board for the establishment of the Healthy Families Program as described in Assembly Bill 1126 of the 1997-98 Regular Session.

(2) One million two hundred ten thousand dollars (\$1,210,000) to the State Department of Health Services for administrative costs to implement changes in Medi-Cal and to develop and operate the education and outreach campaign contained in Senate Bill 903 of the 1997-98 Regular Session.

(b) There is hereby appropriated from the federal trust fund the sum of three million one hundred thirty-two thousand dollars (\$3,132,000) for the 1997-98 fiscal year, to be allocated as soon after the effective date of the act enacting this section as practical. These funds shall be allocated as follows:

(1) One million forty thousand dollars (\$1,040,000) to the Managed Risk Medical Insurance Board for the establishment of the Healthy Families Program as described in Assembly Bill 1126 of the 1997-98 Regular Session.

(2) Two million ninety-two thousand dollars (\$2,092,000) to the State Department of Health Services for administrative costs to implement changes in Medi-Cal and to develop and operate the education and outreach campaign contained in Senate Bill 903 of the 1997-98 Regular Session.

SEC. 9. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:



In order to assist in implementing the Healthy Families Program as quickly as possible, thereby extending health insurance coverage to uninsured children, it is necessary that this act take effect immediately.

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