

Senate Bill No. 1255

CHAPTER 20

An act to amend Section 657 of the Business and Professions Code, to add Section 1371.22 to the Health and Safety Code, and to add Section 10126.5 to the Insurance Code, relating to health care, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor April 14, 1998. Filed with
Secretary of State April 14, 1998.]

LEGISLATIVE COUNSEL'S DIGEST

SB 1255, Polanco. Health care: payment of claims.

Existing law provides for the licensure and regulation of the healing arts professions and, in this regard, authorizes health care providers, as defined, to grant discounts in health or medical claims submitted to 3rd-party payers when payment by the 3rd-party payer is made promptly within prescribed time limits.

This bill would revise this provision to delete the reference to 3rd-party payers, and instead authorize providers to grant discounts in health or medical claims when payment is made promptly within prescribed time limits. This bill would also expressly authorize a health care provider to grant discounts for health or medical care to any patient the provider has reasonable cause to believe is not eligible for, or entitled to, insurance reimbursement, or coverage under Medi-Cal or by a health care service plan for the health or medical care provided.

This bill would, in the case of a contract between a provider and a plan or a provider and an insurer issued, amended, or renewed on or after the effective date of this provision, that requires the provider to accept as payment from the plan or insurer the lowest payment rate charged by the provider to any patient, prohibit this contract provision from being deemed to apply to, or take into consideration, any cash payment made to the provider by individual patients who do not have any private or public form of health coverage for the services rendered by the provider and to whom a discount was granted under those provisions.

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

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

SECTION 1. Section 657 of the Business and Professions Code is amended to read:

657. (a) The Legislature finds and declares all of the following:



(1) Californians spend more than one hundred billion dollars (\$100,000,000,000) annually on health care.

(2) In 1994, an estimated 6.6 million of California's 32 million residents did not have any health insurance and were ineligible for Medi-Cal.

(3) Many of California's uninsured cannot afford basic, preventative health care resulting in these residents relying on emergency rooms for urgent health care, thus driving up health care costs.

(4) Health care should be affordable and accessible to all Californians.

(5) The public interest dictates that uninsured Californians have access to basic, preventative health care at affordable prices.

(b) To encourage the prompt payment of health or medical care claims, health care providers are hereby expressly authorized to grant discounts in health or medical care claims when payment is made promptly within time limits prescribed by the health care providers or institutions rendering the service or treatment.

(c) Notwithstanding any provision in any health care service plan contract or insurance contract to the contrary, health care providers are hereby expressly authorized to grant discounts for health or medical care provided to any patient the health care provider has reasonable cause to believe is not eligible for, or is not entitled to, insurance reimbursement, coverage under the Medi-Cal program, or coverage by a health care service plan for the health or medical care provided. Any discounted fee granted pursuant to this section shall not be deemed to be the health care provider's usual, customary, or reasonable fee for any other purposes, including, but not limited to, any health care service plan contract or insurance contract.

(d) "Health care provider," as used in this section, means any person licensed or certified pursuant to Division 2 (commencing with Section 500) of the Business and Professions Code, or licensed pursuant to the Osteopathic Initiative Act, or the Chiropractic Initiative Act, or licensed pursuant to Chapter 2.5 (commencing with Section 1440) of Division 2 of the Health and Safety Code; and any clinic, health dispensary, or health facility, licensed pursuant to Division 2 (commencing with Section 1200) of the Health and Safety Code.

SEC. 2. Section 1371.22 is added to the Health and Safety Code, immediately following Section 1371.2, to read:

1371.22. If a contract between a health care service plan and a provider requires that the provider accept, as payment from the plan, the lowest payment rate charged by the provider to any patient or third party, this contract provision shall not be deemed to apply to, or take into consideration, any cash payments made to the provider by individual patients who do not have any private or public form of health care coverage for the service rendered by the



provider, as described in subdivision (c) of Section 657 of the Business and Professions Code. This section shall apply to a provider contract that is issued, amended, or renewed on or after the effective date of this section.

SEC. 3. Section 10126.5 is added to the Insurance Code, immediately following Section 10126, to read:

10126.5. If a disability insurance policy between an insurer that covers hospital, medical, or surgical expenses and a provider requires that the provider accept, as payment from the insurer, the lowest payment rate charged by the provider to any patient or third party, this policy provision shall not be deemed to apply to, or take into consideration, any cash payments made to the provider by individual patients who do not have any private or public form of health care coverage for the service rendered by the provider, as described in subdivision (c) of Section 657 of the Business and Professions Code. This section shall apply to a provider contract that is issued, amended, or renewed on or after the effective date of this section.

SEC. 4. 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 expedite the delivery of health care services to uninsured persons, it is necessary that this act take effect immediately.

