

AMENDED IN ASSEMBLY JANUARY 26, 2000

AMENDED IN ASSEMBLY JUNE 1, 1999

AMENDED IN ASSEMBLY APRIL 5, 1999

CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

**ASSEMBLY BILL**

**No. 525**

**Introduced by Assembly Members Kuehl and Thomson  
(Coauthors: Assembly Members Aroner, Calderon,  
Firebaugh, Honda, Jackson, Keeley, Longville, Mazzoni,  
Romero, Shelley, and Wildman)**

(Coauthors: Senators Figueroa, Hayden, and Solis)

February 18, 1999

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~~An act to amend Sections 5914, 5917, and 5919 of the Corporations Code, to amend Sections 15438.5, 15459, 22774, 22778, and 22790 of the Government Code, to amend Sections 1345 and 129050 of, and to add Sections 1367.01, 1367.105, 1367.696, and 129021 to, the Health and Safety Code, to amend Sections 10123.12, 10140, and 10291.5 of, and to add Sections 10123.01, 10123.22, 10198.71, 10604.1, 10702.2, and 10705.1 to, the Insurance Code, and to amend Sections 14016.5, 14087.305, 14089, and 14165.6 of, and to add Sections 14016.71, 14016.8, and 14016.9 to, the Welfare and Institutions Code, relating to health care coverage.—An act to add Section 1363.02 to the Health and Safety Code, to add Section 10604.1 to the Insurance Code, and to add Section 14016.8 to the Welfare and Institutions Code, relating to health care coverage.~~

## LEGISLATIVE COUNSEL'S DIGEST

AB 525, as amended, Kuehl. Health benefits: reproductive health care.

*Existing law provides for the regulation and licensing of health care service plans by the Department of Managed Care, effective no later than July 1, 2000, or earlier pursuant to an executive order of the Governor. A willful violation of the provisions governing health care service plans is a crime. Existing law provides for the regulation of disability insurers by the Department of Insurance and for administration of the Medi-Cal program by the State Department of Health Services.*

*This bill would require certain health care service plans, disability insurers, and the State Department of Health Services to provide a standardized statement and disclosure for the purpose of informing recipients of health care services of specified information concerning reproductive health care issues, as specified.*

*Because a violation of the bill's requirements with respect to health care service plans would be a crime, this bill would impose a state-mandated local program by creating a new crime.*

*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.*

~~(1) Existing law requires a nonprofit corporation that is subject to the public benefit corporation law and is a health facility to give written notice to the Attorney General prior to entering into any agreement or transaction to dispose of its assets to a for-profit corporation or mutual benefit corporation when a material amount of the assets of the public benefit corporation are involved in the agreement or transaction. Written notice is also required to transfer control, responsibility, or governance of a material amount of assets or operations.~~

~~This bill would require, instead, written notice under this provision from any foreign corporation, as defined, or public~~



~~benefit corporation that owns or controls a health facility or facility that provides similar health care with regard to disposing of assets or transferring control, responsibility or governance to any other entity.~~

~~(2) Existing law authorizes the Attorney General to consent, give conditional consent, or not consent to any agreement or transaction under these provisions and requires the Attorney General to consider certain factors in making a determination.~~

~~This bill would revise those factors and would entitle the Attorney General to reimbursement for certain costs incurred in monitoring compliance with the terms of the consent or conditional consent.~~

~~(3) Existing law, the California Health Facilities Financing Authority Act, empowers the California Health Facilities Financing Authority to finance projects of health facilities that are operated by a city, county, city and county, a district hospital, or a private, nonprofit corporation or association. Existing law authorizes the authority to issue revenue bonds for this purpose.~~

~~This bill would prohibit the authority and any local agency from issuing revenue bonds under these provisions to any health care facility that discriminates in the scope of health services provided on the basis of race, color, religion, national origin, ancestry, sex, or sexual orientation.~~

~~(4) Existing law requires, as a condition of the issuance of revenue bonds to finance health facilities under these provisions that each borrower give reasonable assurance to the authority that the services of the health facility will be made available to all persons residing or employed in the area served by the facility.~~

~~This bill would add a requirement that (a) the borrower give reasonable assurance to the authority that the health facility does not discriminate in the scope of health services provided on the basis of race, color, religion, national origin, ancestry, sex, or sexual orientation and (b) certain borrowers shall provide directly or arrange for the provision of certain designated reproductive health services that the facility does not provide.~~



~~(5) Existing law, the Public Employees' Medical and Hospital Care Act, provides health benefits plan coverage for public employees and annuitants meeting the eligibility requirements prescribed by the Board of Administration of the Public Employees' Retirement System.~~

~~This bill would prohibit the board from approving any health benefits plan contract with any carrier offering health benefit plans that discriminates in the scope of health benefits provided on the basis of race, color, religion, national origin, ancestry, sex, or sexual orientation.~~

~~This bill would prohibit the board from approving a health benefits plan that contracts with a licensed facility that excludes, limits, or restricts the provision of reproductive health services unless the plan also contracts with and makes available and accessible to its enrollees a similar licensed facility that does not exclude, limit, or restrict the service.~~

~~The bill would require the board to require any plan that provides a list of providers to employees, annuitants, or contracting providers to include as provided under the bill designated information in the listing, including identifying those licensed hospitals and ambulatory surgical centers that do not provide certain reproductive health services.~~

~~(6) 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 Commissioner of Corporations. The willful violation of the provisions governing health care service plans is a crime.~~

~~This bill would require a health care service plan that provides a list of providers to potential enrollees, enrollees, or contracting providers to include as provided under the bill designated information in the listing, including identifying those licensed hospitals and ambulatory surgical centers that do not provide certain reproductive health services.~~

~~(7) Existing law prohibits a health care service plan from refusing to enter into any contract or canceling or declining to renew or reinstate any contract because of the race, color, national origin, ancestry, religion, marital status, sexual orientation, or age of any contracting party, prospective contracting party, or person reasonably expected to benefit from that contract as a subscriber, enrollee, member, or~~



~~otherwise. Existing law also prohibits discrimination with regard to the modification of any contract and the benefits or coverage of any contract.~~

~~This bill would prohibit a health care service plan that issues, provides, or administers any individual or group health care service plan from refusing to cover, or refusing to continue to cover, or limiting the amount, extent, or kind of coverage available to an individual, or charging a different rate for the same coverage because of race, color, religion, national origin, ancestry, sex, or sexual orientation.~~

~~(8) Existing law requires every health care service plan to meet certain requirements, including providing to subscribers and enrollees basic health care services, as defined.~~

~~This bill would require, on and after July 1, 2000, certain health care service plans that contract with a licensed facility that offers some reproductive health services but that excludes, limits, or restricts the provision of reproductive health services to contract with and make available and accessible to its enrollees a similar licensed facility that does not exclude, limit, or restrict the service.~~

~~This bill would define “comprehensive reproductive health services” for purposes of the bill.~~

~~By changing the requirements of health care service plans, this bill would change the definition of a crime, thereby imposing a state-mandated local program.~~

~~(9) Existing law, the California Health Facility Construction Loan Insurance Law, administered by the Office of Statewide Health Planning and Development, provides for an insurance program for public and nonprofit health facility construction, improvement, and expansion loans.~~

~~This bill would prohibit the office from approving an application or providing loan insurance under these provisions to any borrower that discriminates in the scope of health services provided on the basis of race, color, religion, national origin, ancestry, sex, or sexual orientation. The bill would require each borrower to give reasonable assurance to the office that the borrower does not discriminate as provided under the bill. The bill would require certain borrowers to~~



~~provide directly or arrange for the provision of designated reproductive health services that they do not provide.~~

~~(10) Existing law provides for the regulation of insurance, including disability insurers, insurers issuing policies of disability insurance, and self-insured employee welfare benefit plans that cover hospital, medical, or surgical expenses. These provisions are administered by the Commissioner of Insurance.~~

~~This bill would set forth requirements of these insurers and plans similar to those required under the bill for health care service plans with regard to (a) providing a listing of providers that identifies hospitals and ambulatory surgical centers that do not provide certain reproductive health services, and (b) making reproductive health services available and accessible.~~

~~(11) Existing law prohibits any admitted insurer, licensed to issue any policy of insurance, including disability insurance, from failing or refusing to accept an application for, or issuing a policy to an applicant for, insurance, or canceling the insurance, under conditions less favorable to the insured than in other comparable cases, except for reasons applicable alike to persons of every marital status, sex, race, color, religion, national origin, or ancestry and prohibits sex, race, color, religion, national origin, or ancestry of itself from constituting a condition or risk for which a higher rate, premium, or charge may be required of the insured for insurance.~~

~~This bill would prohibit an insurer licensed to issue disability insurance policies for, and a self-insured employee welfare benefit plan that provides, hospital, medical, and surgical expenses from offering or providing different terms, conditions, or benefits, or placing a limitation on coverage under the insurance on the basis of a person's race, color, religion, national origin, ancestry, sex, or sexual orientation.~~

~~(12) Existing law prohibits the Insurance Commissioner from approving any disability policy for insurance that does not conform to specified requirements.~~

~~This bill would prohibit the commissioner from approving a disability policy of insurance that discriminates on the basis of race, color, religion, national origin, ancestry, sex, or sexual orientation.~~



~~(13) Existing law provides for additional disclosure requirements with regard to disability insurers that requires the insurer to use a disclosure form that includes, among other things, the principal benefits and coverage of the plan and the exceptions, reductions, and limitations that apply to the plan.~~

~~This bill would require certain disability insurers that provide a list of providers to prospective insureds, plan enrollees, or contracting providers to include as provided under the bill designated information in the listing, including identifying those licensed hospitals and ambulatory surgical centers that do not provide certain reproductive health services.~~

~~(14) Existing law provides a comprehensive program for providing health insurance to small employer groups which sets forth requirements of all carriers writing, issuing, or administering health benefit plans that cover employees of small employers.~~

~~This bill would prohibit these carriers from offering or providing different terms, conditions, or benefits, or placing a limitation on coverage under health benefit plans on the basis of an employee's race, color, religion, national origin, ancestry, sex, or sexual orientation. This bill would require the certain carriers that provide a list of providers to small employers, employees, agents, brokers, or contracting providers to include as provided under the bill designated information in the listing, including identifying those licensed hospitals and ambulatory surgical centers that do not provide certain reproductive health services.~~

~~(15) Existing law provides for the Medi-Cal program which is administered by the State Department of Health Services, pursuant to which medical benefits are provided to public assistance recipients and certain other low-income persons. Under existing law, Medi-Cal services may be provided to a beneficiary or eligible applicant by an individual provider, or through a prepaid managed health care plan, pilot project, or fee-for-service case management provider.~~

~~This bill would require, on or after July 1, 2000, that Medi-Cal managed health care plan contracts with licensed facilities that exclude, limit, or restrict the provision of reproductive health services, contract with and make~~



~~available and accessible to enrollees a similar licensed facility that does not exclude, limit, or restrict the service. The bill would define “managed health care plans” for purposes of these provisions.~~

~~(16) Existing law requires that the county ensure that each Medi-Cal beneficiary or eligible applicant be provided with information as to health care and managed care options, including certain provider information.~~

~~This bill would require the materials with provider information described above to identify as provided under the bill those licensed hospitals and ambulatory centers that do not provide certain reproductive health services. The bill would require a county organized health system to provide the same materials and information to Medi-Cal applicants and beneficiaries and would define “county organized health systems” for this purpose. Because the bill would impose new duties upon county officials, the bill would impose a state-mandated local program.~~

~~(17) Existing law declares the purpose of the Waxman-Duffy Prepaid Health Plan Act is to afford persons eligible to receive Medi-Cal benefits the opportunity to enroll as regular subscribers in prepaid health plans, without reference to the race, sex, age, religion, creed, color, national origin, or ancestry of any eligible person.~~

~~This bill would prohibit all managed health care plans from discriminating against Medi-Cal beneficiaries and enrollees as provided in the bill.~~

~~(18) Existing law establishes the California Medical Assistance Commission to contract with health care delivery systems for provision of health care services to recipients under the Medi-Cal program.~~

~~This bill would require that all contracts negotiated by the commission prohibit discrimination against Medi-Cal beneficiaries and enrollees in the terms, conditions, or benefits and prohibit any limitation on coverage or the provision of services on the basis of race, color, religion, national origin, ancestry, sex, or sexual orientation.~~

~~(19) 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, including the creation of a State Mandates Claims Fund to pay the costs of mandates that do not exceed \$1,000,000 statewide and other procedures for claims whose statewide costs exceed \$1,000,000.~~

~~This bill would provide that with regard to certain mandates no reimbursement is required by this act for a specified reason.~~

~~With regard to any other mandates, this bill would provide that, if the Commission on State Mandates determines that the bill contains costs so mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.~~

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

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

1     ~~SECTION 1.~~ Section 5914 of the Corporations Code is  
2     SECTION 1. Section 1363.02 is added to the Health  
3     and Safety Code, to read:  
4     1363.02. (a) The Legislature finds and declares that  
5     the right of every patient to receive basic information  
6     necessary to give full and informed consent is a  
7     fundamental tenet of good public health policy and has  
8     long been the established law of this state. Some hospitals  
9     do not provide a full range of reproductive health services  
10    and may prohibit contraceptive services, including  
11    emergency contraception, sterilization, infertility  
12    treatments, or abortion. It is the intent of the Legislature  
13    that every patient be given full and complete information  
14    about the health care services available to allow patients  
15    to make well informed health care decisions.  
16    (b) On or before July 1, 2001, a health care service plan  
17    that covers hospital, medical, and surgical benefits shall  
18    do all of the following:  
19    (1) Provide a standardized statement, as required by  
20    this paragraph, that is to be developed by the  
21    Department of Managed Care, for the purpose of  
22    informing prospective enrollees and enrollees of the



1 reproductive health care issues that they may wish to  
2 consider before enrolling in a health care service plan,  
3 subscribing to a health insurance program, or selecting a  
4 primary care provider. The statement shall be developed  
5 in lay person's language by the department, in  
6 consultation with the American College of Obstetricians  
7 and Gynecologists, and shall include, but not be limited  
8 to, information on contraceptive care (including  
9 emergency contraception), infertility treatment,  
10 sterilization, and abortion. The statement shall be  
11 provided on at least a full page and in at least 12-point  
12 type, in a conspicuous place in each printed provider  
13 directory, and shall be posted in a prominent location on  
14 electronic media formats of each provider directory,  
15 including, but not limited to, each health plan's website,  
16 if any.

17 (2) Include the following disclosure, in at least 12-point  
18 boldface type, at the beginning of each provider  
19 directory and in a conspicuous place on the plan's  
20 evidence of coverage, disclosure forms, and other  
21 materials required to be given to enrollees or prospective  
22 enrollees, including promotional and descriptive  
23 materials:  
24

25 Some hospitals and other providers do not provide one  
26 or more of the following services that you or your family  
27 member might need: family planning; contraception,  
28 including emergency contraceptives for rape victims;  
29 sterilization, including tubal ligation at the time of labor  
30 and delivery; infertility treatments; or abortion. You  
31 should obtain more information before you enroll. Call  
32 your prospective doctor, medical group, independent  
33 practice association, or clinic, or call the health plan at  
34 (insert the health plan's membership services number or  
35 other appropriate number that individuals can call for  
36 assistance) to ensure that you can obtain the health care  
37 services that you need.

38  
39 SEC. 2. Section 10604.1 is added to the Insurance  
40 Code, to read:



1 10604.1. (a) *The Legislature finds and declares that*  
2 *the right of every patient to receive basic information*  
3 *necessary to give full and informed consent is a*  
4 *fundamental tenet of good public health policy and has*  
5 *long been the established law of this state. Some hospitals*  
6 *do not provide a full range of reproductive health services*  
7 *and may prohibit contraceptive services, including*  
8 *emergency contraception, sterilization, infertility*  
9 *treatments, or abortion. It is the intent of the Legislature*  
10 *that every patient be given full and complete information*  
11 *about the health care services available to allow patients*  
12 *to make well informed health care decisions.*

13 (b) *On or before July 1, 2001, every disability insurer*  
14 *that provides coverage for hospital, medical, or surgical*  
15 *benefits, and which provides a list of network providers*  
16 *to prospective insureds and insureds, shall do all of the*  
17 *following:*

18 (1) *Provide a standardized statement, as required by*  
19 *this paragraph, that is to be developed by the*  
20 *commissioner, for the purpose of informing prospective*  
21 *insureds and insureds of the reproductive health care*  
22 *issues that they may wish to consider before becoming a*  
23 *policyholder or selecting a network care provider. The*  
24 *statement shall be developed in lay person's language by*  
25 *the commissioner, in consultation with the American*  
26 *College of Obstetricians and Gynecologists, and shall*  
27 *include, but not be limited to, information on*  
28 *contraceptive care (including emergency*  
29 *contraception), infertility treatment, sterilization, and*  
30 *abortion. The statement shall be provided on at least a full*  
31 *page and in at least 12-point type, in a conspicuous place*  
32 *in each printed provider directory, and shall be posted in*  
33 *a prominent location on electronic media formats of each*  
34 *provider directory, including, but not limited to, each*  
35 *insurer's website, if any.*

36 (2) *Include the following disclosure, in at least 12-point*  
37 *boldface type, at the beginning of each provider*  
38 *directory and in a conspicuous place on all materials*  
39 *required to be given to prospective insureds, including*  
40 *evidence of coverage and disclosure forms, promotional*



1 *and descriptive materials:*

2

3 *Some hospitals and other providers do not provide one*  
4 *or more of the following services that you or your family*  
5 *member might need: family planning; contraception,*  
6 *including emergency contraceptives for rape victims;*  
7 *sterilization, including tubal ligation at the time of labor*  
8 *and delivery; infertility treatments; or abortion. You*  
9 *should obtain more information before you become a*  
10 *policyholder or select a network provider. Call your*  
11 *prospective doctor or clinic, or call the insurer at (insert*  
12 *the insurer's membership services number or other*  
13 *appropriate number that individuals can call for*  
14 *assistance) to ensure that you can obtain the health care*  
15 *services that you need.*

16

17 *SEC. 3. Section 14016.8 is added to the Welfare and*  
18 *Institutions Code, to read:*

19 *14016.8. (a) The Legislature finds and declares that*  
20 *the right of every patient to receive basic information*  
21 *necessary to give full and informed consent is a*  
22 *fundamental tenet of good public health policy and has*  
23 *long been the established law of this state. Some hospitals*  
24 *do not provide a full range of reproductive health services*  
25 *and may prohibit contraceptive services including*  
26 *emergency contraception, sterilization, infertility*  
27 *treatments, or abortion. It is the intent of the Legislature*  
28 *that every patient be given full and complete information*  
29 *about the health care services available to allow patients*  
30 *to make well informed health care decisions.*

31 *(b) On or before July 1, 2001, the department shall*  
32 *develop a standardized statement, in layperson's*  
33 *language, for the purpose of informing prospective*  
34 *enrollees and enrollees of the reproductive health care*  
35 *issues that they may wish to consider before enrolling in*  
36 *a health care service plan, subscribing to a health*  
37 *insurance program, or selecting a primary care provider.*  
38 *The statement shall be developed in consultation with the*  
39 *American College of Obstetricians and Gynecologists,*  
40 *and shall include, but not be limited to, information on*



1 contraceptive care (including emergency  
2 contraception), infertility treatment, sterilization, and  
3 abortion. Included within the statement in a prominent  
4 location and in at least 12-point boldface type, shall be the  
5 following disclosure:

6

7 Some hospitals and other providers do not provide one  
8 or more of the following services that you or your family  
9 member might need: family planning; contraception,  
10 including emergency contraceptives for rape victims;  
11 sterilization, including tubal ligation at the time of labor  
12 and delivery; infertility treatments; or abortion. You  
13 should obtain more information before you enroll. Call  
14 your prospective doctor or clinic, or call the Medi-Cal  
15 managed care plan at (insert the plan's membership  
16 services number or other appropriate number that  
17 individuals can call for information) to ensure that you  
18 can obtain the health care services that you need.

19

20 (c) The department shall provide the statement and  
21 disclosure required by subdivision (a) on at least a full  
22 page information sheet and in at least 12-point type, and  
23 shall arrange for the posting of the statement and  
24 disclosure in a prominent location on electronic media  
25 formats, including, but not limited to, each Medi-Cal  
26 managed care plan's website, if any.

27 (d) The statement and disclosure requirements  
28 described in subdivisions (a) and (b) shall be provided in  
29 writing to prospective and current Medi-Cal managed  
30 care plan enrollees prior to enrollment, upon enrollment,  
31 and at least once each year thereafter.

32 (e) The statement and disclosure requirements  
33 described in subdivisions (a) and (b) shall be included in  
34 the health care option activities described in Sections  
35 14016.5, 14087.305, subdivision (e) of Section 14089, and  
36 paragraph (2) of subdivision (f) of Section 14408.

37 (f) The statement and disclosure requirements  
38 described in this section shall apply to the following  
39 Medi-Cal managed care programs:



1 (1) In areas where the department is contracting with  
2 persons or entities that are contracting with, or governed,  
3 owned, or operated by, either a county board of  
4 supervisors or a county special commission, or a county  
5 health authority, operating under Article 2.8  
6 (commencing with Section 14087.5) or Article 7  
7 (commencing with Section 14490) of Chapter 8, or  
8 Chapter 3 (commencing with Section 101675) of Part 4 of  
9 Division 101 of the Health and Safety Code.

10 (2) In areas specified by the director for expansion of  
11 the Medi-Cal managed care program under Section  
12 14087.3, including where the department is contracting  
13 with prepaid health plans, including prepaid health plans  
14 that are contracting with, governed, owned, or operated  
15 by a county board of supervisors, a county special  
16 commission or county health authority authorized by  
17 Sections 14018.7, 14087.31, 14087.316, 14087.35, 14087.36,  
18 14087.38, and 14087.9605.

19 (3) Where the department has entered into contracts  
20 with prepaid health plans or primary care case  
21 management providers pursuant to Article 2.9  
22 (commencing with Section 14088) and Chapter 8  
23 (commencing with Section 14200).

24 (4) Where the department or the California Medical  
25 Assistance Commission have entered into contracts with  
26 any persons or entities pursuant to Section 14087.47,  
27 Article 2.91 (commencing with Section 14089), or Article  
28 2.97 (commencing with Section 14093).

29 SEC. 4. No reimbursement is required by this act  
30 pursuant to Section 6 of Article XIII B of the California  
31 Constitution because the only costs that may be incurred  
32 by a local agency or school district will be incurred  
33 because this act creates a new crime or infraction,  
34 eliminates a crime or infraction, or changes the penalty  
35 for a crime or infraction, within the meaning of Section  
36 17556 of the Government Code, or changes the definition  
37 of a crime within the meaning of Section 6 of Article  
38 XIII B of the California Constitution.

39 ~~amended to read:~~



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**All matter omitted in this version of the bill appears in the bill as amended in the Assembly, June 1, 1999 (JR 11)**

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