

Assembly Bill No. 2616

CHAPTER 844

An act to amend Section 785 of, and to add Section 10123.131 to, the Insurance Code, relating to health insurance.

[Approved by Governor September 28, 2000. Filed
with Secretary of State September 29, 2000.]

LEGISLATIVE COUNSEL'S DIGEST

AB 2616, Margett. Health insurance: payment of claims.

Existing law regulates providers and certain insurers that cover hospital, medical, and surgical expenses with respect to the reimbursement by insurers of claims of providers. These provisions, among other matters, specify that a claim is reasonably contested if the insurer has not received a completed claim and all information necessary to determine payer liability for the claim or has not been granted reasonable access to information concerning provider services.

This bill would prohibit these insurers from requesting information that is not reasonably necessary to determine liability for the payment of a claim and would require them to pay providers the cost, as specified, of duplicating all information they request in connection with a contested claim.

Existing law regulates the provision of insurance to senior citizens and exempts various classes of insurance from the laws regulating insurance for senior citizens, including, until January 1, 2001, disability policies or certificates that are sold through direct response methods of delivery.

This bill would extend the duration of that exemption to January 1, 2002.

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

SECTION 1. Section 785 of the Insurance Code is amended to read:

785. (a) All insurers, brokers, agents, and others engaged in the transaction of insurance owe a prospective insured who is age 65 years or older, a duty of honesty, good faith, and fair dealing. This duty is in addition to any other duty, whether express or implied, that may exist.

(b) Conduct of an insurer, broker, or agent, or other person engaged in the transaction of insurance, during the offer and sale of a policy or certificate previous to the purchase is relevant to any action alleging a breach of the duty of good faith and fair dealing.



(c) Except where explicitly provided to the contrary, this article shall not apply to any of the following:

(1) Medicare supplement insurance as defined in subdivision (b) of Section 10192.1.

(2) Long-term care insurance as defined in Section 10231.2.

(3) Disability coverage provided through the insured's employer or former employer.

(4) Disability insurance policies or certificates principally designed to provide coverage for accidents or expenses incurred while traveling if the premium for the policy or certificate is ten dollars (\$10) or less.

(5) Blanket disability insurance as defined in Section 10270.3.

(6) Credit disability insurance as defined in Section 779.2.

(7) Accidental death insurance.

(8) Until January 1, 2002, disability policies or certificates that are sold through direct response methods of delivery.

(9) Disability income insurance as defined in subdivision (i) of Section 799.01.

(d) Provided that the requirements of Section 10296 are met, this article shall not apply to transportation ticket policies and baggage insurance policy types allowable for sale by travel agents pursuant to Section 1753.

SEC. 2. Section 10123.131 is added to the Insurance Code, to read:

10123.131. (a) An insurer shall pay a provider for duplicating all information it requests in connection with a contested claim, and for patient records, as follows:

(1) Except as provided in paragraph (2), the insurer shall pay the provider for copying twenty-five cents (\$0.25) per page, or fifty cents (\$0.50) per page for records that are copied from microfilm.

(2) The insurer shall pay the provider all reasonable costs, not exceeding actual costs, incurred by the provider in providing the insurer copies of X-rays, or tracings derived from electrocardiography, electroencephalography, or electromyography.

(b) No insurer subject to this section shall request information that is not reasonably necessary to determine liability for payment of a claim.

(c) The obligation of the insurer to comply with this section shall not be deemed to be waived when the insurer requires its contracting entities to pay claims for covered services.

(d) This section shall not apply to contractual arrangements between an insurer and its agent, an insurer and a provider, or a provider and its agent for the costs associated with the provision of duplication services.

