

Introduced by Senator Knight

February 26, 1999

An act to add Section 1367.03 to the Health and Safety Code, relating to health care coverage.

LEGISLATIVE COUNSEL'S DIGEST

SB 1181, as introduced, Knight. Health care service plans: withdrawal from a service area.

Existing law provides for the licensure and regulation of health care service plans by the Department of Corporations. The willful violation of these provisions is a crime. Existing law requires, as a part of the application for licensure, a health care service plan to submit a statement describing the service area or areas to be served, including the service location for each provider rendering professional services on behalf of the plan and the location of any other plan facilities where required by the commissioner. Existing law requires a health care service plan to furnish services in a manner providing continuity of care and ready referral of patients to other providers at times as may be appropriate consistent with good professional practice.

Existing law requires all health care service plans to be renewable, except in certain circumstances, including that the health care service plan is withdrawing a group health benefit plan contract from the market. However, in this case, existing law requires the plan to notify affected contractholders or employers and the commissioner at least 90 days prior to the discontinuation of those contracts.

This bill would provide that it shall be a violation of the requirements of the act to furnish services in a manner providing continuity of care and ready referral of patients to other providers if the plan has not participated in good faith negotiations with medical service providers in the health care service plan prior to notifying the commissioner that the plan intends to withdraw from a service area or if, as a result of the withdrawal from a service area, less than 80% of the plan's members in the affected service area will have access to continuity of care at the same or equivalent levels at comparable costs.

The bill would require the department to conduct public hearings upon receiving notification from a health care service plan that it intends to withdraw from a service area.

By changing the requirements of a health care service plan, this bill would change the definition of a crime, thereby imposing 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.

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

1 SECTION 1. Section 1367.03 is added to the Health
 2 and Safety Code, to read:
 3 1367.03. (a) The department shall issue a public
 4 notice and conduct public hearings upon receiving
 5 notification from a health care service plan that it intends
 6 to withdraw from a service area.
 7 (b) The following shall be a violation of the
 8 requirements of subdivision (d) of Section 1367 to furnish
 9 services in a manner providing continuity of care and
 10 ready referral of patients to other providers:
 11 (1) The health care service plan has not participated
 12 in good faith negotiations with medical service providers



1 in the health care service plan prior to notifying the
2 commissioner that the plan intends to withdraw from a
3 service area.

4 (2) As a result of the withdrawal from a service area,
5 less than 80 percent of the plan's members in the affected
6 service area will have access to continuity of care at the
7 same or equivalent levels at comparable costs.

8 SEC. 2. No reimbursement is required by this act
9 pursuant to Section 6 of Article XIII B of the California
10 Constitution because the only costs that may be incurred
11 by a local agency or school district will be incurred
12 because this act creates a new crime or infraction,
13 eliminates a crime or infraction, or changes the penalty
14 for a crime or infraction, within the meaning of Section
15 17556 of the Government Code, or changes the definition
16 of a crime within the meaning of Section 6 of Article
17 XIII B of the California Constitution.

