

AMENDED IN ASSEMBLY AUGUST 24, 2000

**SENATE BILL**

**No. 2083**

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**Introduced by Senator Speier**

February 25, 2000

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An act to amend ~~Section 1347.15 of the Health and Safety Code, relating to health care service plans, Sections 14087.51 and 14087.57 of the Welfare and Institutions Code, relating to Medi-Cal.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 2083, as amended, Speier. ~~Health care service plans Medi-Cal.~~

*Existing law permits a special commission to be created in San Mateo County and any other county designated by the California Medical Assistance Commission, in order to, among other things, enter into contracts for the provision of health care services to the county's Medi-Cal recipients and to subscribers in the Healthy Families Program.*

*This bill would also authorize the Board of Supervisors of San Mateo County to authorize the commission to provide health care delivery systems for other eligible persons.*

*Existing law specifies that a member of a commission or advisory to the commission established pursuant to the authority described above shall not be deemed to be interested in a contract entered into by the commission for purposes of certain prohibitions applicable to specified public officers and employees in certain circumstances, including the situation in which a commission contract authorizes the member or the organization the member represents to*

*provide services to Medi-Cal beneficiaries under the commission's programs.*

*This bill would expand that provision to apply to any contract that authorizes the member of the commission or advisory committee or an organization the member represents to provide services under the commission's programs.*

~~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. Existing law establishes the Financial Solvency Standards Board in the department to, among other things, advise the director of the department on matters of financial solvency affecting the delivery of health care services and develop and recommend to the director financial solvency requirements and standards relating to plan operations.~~

~~This bill would correct an erroneous cross-reference in the board's enumerated functions.~~

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

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

1     ~~SECTION 1.—Section 1347.15 of the Health and Safety~~  
2     ~~SECTION 1. Section 14087.51 of the Welfare and~~  
3     ~~Institutions Code is amended to read:~~  
4     14087.51. (a) It is necessary that a special commission  
5     be established in San Mateo County and in any other  
6     county designated by the California Medical Assistance  
7     Commission in order to meet the problems of the delivery  
8     of publicly assisted medical care in the counties and to  
9     demonstrate ways of promoting quality care and cost  
10    efficiency.  
11    ~~The~~  
12    (b) The Board of Supervisors of San Mateo County and  
13    of the designated counties may, by ordinance, establish  
14    commissions to ~~negotiate~~ *do any or all of the following:*  
15    (1) *Negotiate* the exclusive contracts specified in  
16    Section 14087.5 and to arrange for the provision of health



1 care services provided pursuant to this ~~chapter, and to~~  
2 ~~enter~~ chapter.

3 (2) Enter into contracts for the provision of health  
4 care services to subscribers in the Healthy Families  
5 Program.

6 (c) In addition to the authority specified in subdivision  
7 (b), the Board of Supervisors of San Mateo County may,  
8 by ordinance, authorize the commission established  
9 pursuant to this section to provide health care delivery  
10 systems for any or all of the following persons:

11 (1) Persons who are eligible to receive medical  
12 benefits under this chapter in the county, including, but  
13 not limited to, persons who are eligible through federal  
14 waiver or a pilot project.

15 (2) Persons who are eligible to receive medical  
16 benefits under both Title 18 and Title 19 of the federal  
17 Social Security Act.

18 (3) Persons who are eligible to receive medical  
19 benefits under Title 18 of the federal Social Security Act.

20 (4) Persons who are eligible to receive medical  
21 benefits under publicly supported programs if the  
22 commission and participating providers acting pursuant  
23 to subcontracts with the commission agree to hold  
24 harmless the beneficiaries of the publicly supported  
25 programs if the contract between the sponsoring  
26 government agency and the commission does not ensure  
27 sufficient funding to cover program costs.

28 (d) If the board of supervisors elects to enact ~~this an~~  
29 ordinance pursuant to this section, all rights, powers,  
30 duties, privileges, and immunities vested in a county by  
31 ~~this an~~ article shall be vested in the county commission.  
32 Any reference in this article to “county” shall mean a  
33 commission established pursuant to this section.

34 ~~The~~

35 (e) The enabling ordinance shall specify the  
36 membership of the county commission, the qualifications  
37 for individual members, and such other matters as the  
38 board of supervisors deems necessary or convenient for  
39 the conduct of the county commission’s activities. All  
40 commissioners shall be appointed by majority vote of the



1 board of supervisors and shall serve at the pleasure  
2 thereof. The board of supervisors may appoint no more  
3 than two of its own members to serve on the commission.

4 As

5 (f) As an alternative to establishing a separate  
6 commission, the enabling ordinance may designate the  
7 board of supervisors itself as the commission authorized  
8 by this article.

9 SEC. 2. Section 14087.57 of the Welfare and  
10 Institutions Code is amended to read:

11 14087.57. Notwithstanding any provision of law, a  
12 member of a commission authorized by Section 14087.51  
13 or 14087.54, or a member of any advisory committee to  
14 the commission, shall not be deemed to be interested in  
15 a contract entered into by the commission within the  
16 meaning of Article 4 (commencing with Section 1090) of  
17 Chapter 1 of Division 4 of Title 1 of the Government Code  
18 if all of the following apply:

19 (a) The member was appointed to represent the  
20 interests of physicians, health care practitioners,  
21 hospitals, pharmacies, or other health care organizations.

22 (b) The contract authorizes the member or the  
23 organization the member represents to provide services  
24 to ~~Medi-Cal~~ beneficiaries under the commission's  
25 program.

26 (c) The contract contains substantially the same terms  
27 and conditions as contracts entered into with other  
28 individuals or organizations that the member was  
29 appointed to represent.

30 (d) The member does not influence or attempt to  
31 influence the commission or another member of the  
32 commission to enter into the contract in which the  
33 member is interested.

34 (e) The member discloses the interest to the  
35 commission and abstains from voting on the contract.

36 (f) The commission notes the member's disclosure and  
37 abstention in its official records and authorizes the  
38 contract in good faith by a vote of its membership  
39 sufficient for the purpose without counting the vote of the  
40 interested member.



1 Code is amended to read:

2 1347.15. (a) There is hereby established in the  
3 Department of Managed Care the Financial Solvency  
4 Standards Board composed of eight members. The  
5 members shall consist of the director, or the director's  
6 designee, and seven members appointed by the director.  
7 The seven members appointed by the director may be,  
8 but are not necessarily limited to, individuals with  
9 training and experience in the following subject areas or  
10 fields: medical and health care economics; accountancy;  
11 with experience in integrated or affiliated health care  
12 delivery systems; excess loss insurance underwriting in  
13 the medical, hospital, and health plan business; actuarial  
14 studies in the area of health care delivery systems;  
15 management and administration in integrated or  
16 affiliated health care delivery systems; investment  
17 banking; and information technology in integrated or  
18 affiliated health care delivery systems. The members  
19 appointed by the director shall be appointed for a term  
20 of three years, but may be removed or reappointed by the  
21 director before the expiration of the term.

22 (b) The purpose of the board is to do all of the  
23 following:

24 (1) Advise the director on matters of financial  
25 solvency affecting the delivery of health care services.

26 (2) Develop and recommend to the director financial  
27 solvency requirements and standards relating to plan  
28 operations, plan-affiliate operations and transactions,  
29 plan-provider contractual relationships, and  
30 provider-affiliate operations and transactions.

31 (3) Periodically monitor and report on the  
32 implementation and results of the financial solvency  
33 requirements and standards.

34 (c) Financial solvency requirements and standards  
35 recommended to the director by the board may, after a  
36 period of review and comment not to exceed 45 days and,  
37 notwithstanding Section 1347, be noticed for adoption as  
38 regulations as proposed or modified under the  
39 rulemaking provisions of the Administrative Procedure  
40 Act (Chapter 3.5 (commencing with Section 11340) of



1 ~~Part 1 of Division 3 of Title 2 of the Government Code).~~  
2 ~~During the director's 45-day review and comment~~  
3 ~~period, the director, in consultation with the board, may~~  
4 ~~postpone the adoption of the requirements and standards~~  
5 ~~pending further review and comment. Within five~~  
6 ~~business days of receipt by the director of the~~  
7 ~~recommendation of the board, the director shall send an~~  
8 ~~information only copy of the recommendations to the~~  
9 ~~members of the Advisory Committee on Managed Care.~~  
10 ~~Nothing in this subdivision prohibits the director from~~  
11 ~~adopting regulations, including emergency regulations,~~  
12 ~~under the rulemaking provisions of the Administrative~~  
13 ~~Procedure Act.~~

14 ~~(d) Except as provided in subdivision (e), the board~~  
15 ~~shall meet at least quarterly and at the call of the chair.~~  
16 ~~In order to preserve the independence of the board, the~~  
17 ~~director shall not serve as chair. The members of the~~  
18 ~~board may establish their own rules and procedures. All~~  
19 ~~members shall serve without compensation, but shall be~~  
20 ~~reimbursed from department funds for expenses actually~~  
21 ~~and necessarily incurred in the performance of their~~  
22 ~~duties.~~

23 ~~(e) During the two years from the date of the first~~  
24 ~~meeting of the board, the board shall meet monthly in~~  
25 ~~order to expeditiously fulfill its purpose under paragraphs~~  
26 ~~(1) and (2) of subdivision (b).~~

27 ~~(f) For purposes of this section, "board" means the~~  
28 ~~Financial Solvency Standards Board.~~

