

AMENDED IN ASSEMBLY AUGUST 29, 2000

AMENDED IN ASSEMBLY AUGUST 25, 2000

AMENDED IN ASSEMBLY JULY 6, 2000

AMENDED IN ASSEMBLY JUNE 22, 2000

AMENDED IN SENATE MAY 9, 2000

AMENDED IN SENATE APRIL 24, 2000

SENATE BILL

No. 2136

Introduced by Senator Dunn

February 25, 2000

An act to repeal and add Section 1380.1 of the Health and Safety Code, relating to health care.

LEGISLATIVE COUNSEL'S DIGEST

SB 2136, as amended, Dunn. Health care providers: multiple audits.

Existing law requires the Department of Managed Care to conduct periodically an onsite medical survey of the health delivery system of each health care plan. Existing law requires the director, to avoid duplication, and to the extent feasible, to employ reviews of providers conducted by professional standards review organizations. Existing law required a working group, as specified, to recommend ways to reduce duplicative audits of providers by health plans and to report, as specified, its findings and recommendations, on or before January 1, 2000.

This bill would repeal the provisions relating to the working group. The bill would require the Advisory Committee on Managed Care, in the Department of Managed Care, ~~with the assistance of a specified subcommittee after having sought comment from a broad and balanced range of interested parties,~~ to recommend standards to the Director of the Department of Managed Care standards for a uniform medical quality audit system, which would be required to include a single periodic medical quality audit. The bill would require ~~the subcommittee and the advisory committee recommendations to provide~~ include a list ~~to the director~~ of those private sector accreditation organizations, if any, that have standards comparable to the recommended system, and the capability and expertise to accredit, audit, or credential providers. The bill would authorize the director to approve private sector accreditation organizations as qualified organizations to perform single periodic medical quality audits.

The bill would require the Director of the Department of Managed Care to adopt regulations on a uniform medical quality audit system on or before January 1, 2002.

~~The bill would require the department to monitor additional audits implemented by health care service plans and report to the Legislature and the State Department of Health Services annually.~~

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

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

1 SECTION 1. Section 1380.1 of the Health and Safety
 2 Code is repealed.
 3 SEC. 2. Section 1380.1 is added to the Health and
 4 Safety Code, to read:
 5 1380.1. (a) The Legislature finds and declares as
 6 follows:
 7 (1) Multiple medical quality audits of health care
 8 providers, as many as 25 for some physician offices,
 9 increase costs for health care providers and health plans,
 10 and thus ultimately increase costs for the purchaser and



1 the consumer, and result in the direction of limited health
2 care resources to administrative costs instead of to patient
3 care.

4 (2) Streamlining the multiple medical quality audits
5 required by health care service plans and insurers is vital
6 to increasing the resources directed to patient care.

7 (3) Few legislative proposals affecting health care
8 services have the potential of benefiting all of the affected
9 parties, including health plans, health care providers,
10 purchasers, and consumers, through a reduction in
11 administrative costs but without negatively affecting
12 patient care.

13 (b) The Advisory Committee on Managed Care shall
14 recommend to the director standards for a uniform
15 medical quality audit system, which shall include a single
16 periodic medical quality audit. The director shall ~~adopt~~
17 *publish proposed* regulations in that regard on or before
18 January 1, 2002.

19 (c) ~~(1)~~—In developing those standards, the Advisory
20 Committee on Managed Care ~~may appoint a~~
21 ~~subcommittee in order to assist in developing the system.~~

22 ~~(2) The subcommittee should represent shall seek~~
23 ~~comment from a broad and balanced range of interested~~
24 ~~parties, including, but not limited to, representatives of~~
25 ~~providers, medical groups, independent practice~~
26 ~~associations, health plans, entities that conduct audits,~~
27 ~~and consumers of health care, including organized labor,~~
28 ~~private and public payors, employers and unions that~~
29 ~~purchase health care benefits, the Public Employees’~~
30 ~~Retirement System, and the State Teachers’ Retirement~~
31 ~~System.~~

32 (d) The ~~subcommittee~~ *recommendations* shall
33 ~~provide include~~ all of the following ~~to the Advisory~~
34 ~~Committee on Managed Care:~~

35 (1) Standards that will serve as the basis of the single
36 periodic medical quality audit necessary to meet the
37 criteria of this section.

38 (2) Standards that will not be covered by the single
39 periodic medical quality audit and that may be audited
40 directly by health care service plans.



1 (3) A list of those private sector accreditation
2 organizations, if any, that have or can develop systems
3 comparable to the recommended system, and the
4 capability and expertise to accredit, audit, or credential
5 providers.

6 (e) (1) The director may approve private sector
7 accreditation organizations as qualified organizations to
8 perform the single periodic medical quality audits.

9 (2) Audits shall be conducted at least annually.

10 (f) The single medical quality audit shall not prevent
11 licensed health care service plans from developing
12 performance criteria or conducting separate audits for
13 governmental or regulatory purposes, purchasers, or to
14 address consumer complaints and grievances,
15 management changes, or plan initiatives to improve or
16 monitor quality.

17 ~~(g) The department shall monitor any additional~~
18 ~~audits implemented or conducted by health care service~~
19 ~~plans and report to the appropriate policy committees of~~
20 ~~the Legislature and the State Department of Health~~
21 ~~Services on an annual basis.~~

