

AMENDED IN ASSEMBLY JUNE 19, 2002

AMENDED IN ASSEMBLY MAY 30, 2002

AMENDED IN SENATE APRIL 17, 2001

SENATE BILL

No. 1092

Introduced by Senator Sher

February 23, 2001

An act to add Section 1348.9 to the Health and Safety Code, relating to health care service plans.

LEGISLATIVE COUNSEL'S DIGEST

SB 1092, as amended, Sher. Health care service plans.

Existing law, the Knox-Keene Health Care Service Plan Act of 1975, provides for the regulation of health care service plans by the Department of Managed Health Care. Existing law requires each plan licensed by the department to pay various fees associated with the department's regulatory activities, including a share of costs and expenses associated with financial examinations, grievances, and complaints.

This bill would require the Director of Managed Health Care to adopt regulations on or before July 1, 2003, to establish the Consumer Participation Program, which would allow for the director to award reasonable advocacy and witness fees to any person who demonstrates that the person represents the interests of consumers and who has made a substantial contribution on behalf of consumers to the adoption of any order, regulation, or decision made by the director, other than the resolution of individual grievances, complaints, or cases. The bill would provide that fees awarded under these provisions would be considered costs and expenses of the department that may be recovered

from health care service plans *but would prohibit an increase in the amount of the fees. The bill would also require the department to report to the Legislature before March 1, 2004, and annually thereafter, specified information concerning the Consumer Participation Program.*

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. (a) The Legislature finds and declares that
2 consumer participation programs at the Public Utilities
3 Commission and the Department of Insurance have been a
4 cost-effective and successful means of encouraging consumer
5 protection, expertise, and participation in rate setting and
6 adjudicatory and quasi-legislative proceedings.

7 (b) The Legislature further finds and declares that by ensuring
8 that these proceedings have the benefit of consumer expertise and
9 evidence, consumer participation programs have saved California
10 taxpayers billions of dollars and have significantly improved the
11 decisions made by the affected agencies.

12 (c) It is the intent of the Legislature to establish a consumer
13 participation program administered by the Department of
14 Managed Health Care that will promote the interests and effective
15 representation of consumers and assist the department in ensuring
16 affordable and effective delivery of health care to the people of this
17 state who are eligible to enroll in or subscribe to a health care
18 service plan or a specialized health care service plan.

19 (d) It is further the intent of the Legislature that this act shall be
20 administered in a manner that encourages the effective and
21 efficient participation of all organizations representing the
22 interests of consumers that have a stake in the regulation of health
23 care service plans or specialized health care service plans.

24 SEC. 2. Section 1348.9 is added to the Health and Safety
25 Code, to read:

26 1348.9. (a) On or before July 1, 2003, the director shall adopt
27 regulations to establish the Consumer Participation Program,
28 which shall allow for the director to award reasonable advocacy
29 and witness fees to any person who demonstrates that the person
30 represents the interests of consumers and who has made a



1 substantial contribution on behalf of consumers to the adoption of
2 any order, regulation, or decision made by the director.

3 (b) The regulations adopted by the director shall include
4 specifications for eligibility of participation, rates of
5 compensation, and procedures for seeking compensation.

6 (c) This section shall apply to all proceedings of the
7 department, but shall not apply to resolution of individual
8 grievances, complaints, or cases.

9 (d) Fees awarded pursuant to this section *may not exceed three*
10 *hundred fifty thousand dollars (\$350,000) each fiscal year.*

11 (e) *The fees awarded pursuant to this section shall be*
12 *considered costs and expenses pursuant to Section 1356 and shall*
13 *be paid from the assessment made under that section.*
14 *Notwithstanding the provisions of this subdivision, the amount of*
15 *the assessment shall not be increased to pay the fees awarded*
16 *under this section.*

17 (f) *The department shall report to the appropriate policy and*
18 *fiscal committees of the Legislature before March 1, 2004, and*
19 *annually thereafter, the following information:*

20 (1) *The amount of reasonable advocacy and witness fees*
21 *awarded each fiscal year.*

22 (2) *The individuals or organization to whom advocacy and*
23 *witness fees were awarded pursuant to this section.*

24 (3) *The orders, decisions, and regulations pursuant to which*
25 *the advocacy and witness fees were awarded.*

