

Senate Bill No. 1092

CHAPTER 792

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

[Approved by Governor September 22, 2002. Filed with Secretary of State September 22, 2002.]

LEGISLATIVE COUNSEL'S DIGEST

SB 1092, 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 until January 1, 2007, that the Director of the Department of Managed Health Care 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 or organization demonstrating that the person or organization represents the interests of consumers and has made a substantial contribution on behalf of consumers to the adoption of any regulation or to an order or decision, as specified, made by the director. 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.

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

SECTION 1. (a) The Legislature finds and declares that consumer participation programs at the Public Utilities Commission and the Department of Insurance have been a cost-effective and successful means of encouraging consumer protection, expertise, and participation in rate setting and adjudicatory and quasi-legislative proceedings.

(b) The Legislature further finds and declares that by ensuring that these proceedings have the benefit of consumer expertise and evidence,



consumer participation programs have saved California taxpayers billions of dollars and have significantly improved the decisions made by the affected agencies.

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

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

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

1348.9. (a) On or before July 1, 2003, the director shall adopt regulations to establish the Consumer Participation Program, which shall allow for the director to award reasonable advocacy and witness fees to any person or organization that demonstrates that the person or organization represents the interests of consumers and has made a substantial contribution on behalf of consumers to the adoption of any regulation or to an order or decision made by the director if the order or decision has the potential to impact a significant number of enrollees.

(b) The regulations adopted by the director shall include specifications for eligibility of participation, rates of compensation, and procedures for seeking compensation. The regulations shall require that the person or organization demonstrate a record of advocacy on behalf of health care consumers in administrative or legislative proceedings in order to determine whether the person or organization represents the interests of consumers.

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

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

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



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

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

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

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

(g) This section shall remain in effect only until January 1, 2007, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2007, deletes or extends that date.

