

AMENDED IN SENATE AUGUST 30, 2011

AMENDED IN ASSEMBLY MARCH 7, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

**ASSEMBLY BILL**

**No. 272**

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**Introduced by Assembly Member Monning**

February 7, 2011

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*An act to amend Section 12923.5 of, and to repeal Sections 12693.925 and 12693.95 of, the Insurance Code, relating to health care coverage. An act to add Section 15438.10 to the Government Code, relating to health facilities financing, and making an appropriation therefor.*

LEGISLATIVE COUNSEL'S DIGEST

AB 272, as amended, Monning. ~~Health care coverage: agencies: reports.~~ *Health care facilities: financing.*

*The California Health Facilities Financing Authority Act authorizes the California Health Facilities Financing Authority to make loans from the continuously appropriated California Health Facilities Financing Authority Fund to participating health institutions for financing or refinancing the acquisition, construction, or remodeling of health facilities. The act defines a health facility to include various specified facilities and facilities operated in conjunction with these facilities. It also defines a participating health institution to mean specified entities authorized by state law to provide or operate a health facility and undertake the financing or refinancing of the construction or acquisition of a project or of working capital, as defined.*

*Existing law authorizes the authority to award grants to any eligible health facility, as defined, for purposes of financing defined projects.*

*This bill would authorize the authority to award one or more grants that, in the aggregate, do not exceed \$1,500,000 to one or more projects designed to demonstrate new or enhanced methods of delivering health care services, as specified. This bill would authorize the authority to award additional grants that, in the aggregate, do not exceed \$5,000,000 to eligible recipients, as defined by the authority, to replicate the model developed by a project, if specified conditions are met, and would authorize the authority to adopt regulations relating to this grant program as emergency regulations. By expanding the purposes for which a continuously appropriated fund may be used, this bill would make an appropriation.*

~~Existing law requires the Managed Risk Medical Insurance Board to, by January 20, 2004, report to the Legislature specified information with regard to the State Children's Health Insurance Program. Existing law requires the board to provide, by April 15, 1998, a proposal relating to drug and alcohol treatment programs for children.~~

~~This bill would delete those obsolete provisions:~~

~~Existing law requires the Department of Managed Health Care and the Department of Insurance to maintain a joint senior level working group to ensure clarity for health care consumers about who enforces their patient rights and consistency in the regulations of these departments. Existing law requires the working group to report its findings for review by the Insurance Commissioner and the Director of the Department of Managed Health Care for review and approval and submission every 5 years to the Legislature.~~

~~This bill would delete those reporting requirements:~~

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

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

- 1     SECTION 1. Section 15438.10 is added to the Government
- 2     Code, to read:
- 3     15438.10. (a) The Legislature finds and declares the following:
- 4     (1) Many Californians face serious obstacles in obtaining
- 5     needed health care services, including, but not limited to, medical,
- 6     mental health, and dental services. The obstacles include the
- 7     existence of complex medical, physical, or social conditions,
- 8     including disabilities, economic disadvantage, and living in remote
- 9     or underserved areas that make it difficult to access services.

1     (2) *With the recent passage of national health care reform, there*  
2 *is an increased demand for innovative ways to deliver health care*  
3 *to individuals in a cost-effective manner.*

4     (3) *Technological innovation continues to create opportunities*  
5 *for developing new methods of delivering needed services to*  
6 *underserved communities and individuals cost-effectively and with*  
7 *improved health outcomes.*

8     (4) *There is a need to develop new methods of delivering health*  
9 *services utilizing innovative models that can be demonstrated to*  
10 *be effective and then replicated throughout California and that*  
11 *bring needed care to individuals in need where they live or receive*  
12 *education, social, or general health services.*

13     (5) *For more than 30 years, the California Health Facilities*  
14 *Financing Authority has provided financial assistance through*  
15 *tax-exempt bonds, low interest loans, and grants to health facilities*  
16 *in California, assisting in the expansion of the availability of health*  
17 *services and health care facilities throughout the state.*

18     (b) (1) *Following the completion of a competitive selection*  
19 *process that shall be exempt from the competitive bidding*  
20 *requirements of Chapter 2 (commencing with Section 10290) of*  
21 *Part 2 of Division 2 of the Public Contract Code, the authority*  
22 *may award one or more grants that, in the aggregate, do not exceed*  
23 *one million five hundred thousand dollars (\$1,500,000) to one or*  
24 *more projects designed to demonstrate specified new or enhanced*  
25 *methods of delivering health care services to improve access to*  
26 *quality health care for underserved or medically vulnerable*  
27 *populations or communities, or both, that are effective at enhancing*  
28 *health outcomes, reducing costs, and improving access to care.*  
29 *These health care services may include, but are not limited to,*  
30 *medical, mental health, or dental services for the diagnosis, care,*  
31 *prevention, and treatment of human illness, or individuals with*  
32 *physical, mental, or developmental disabilities. More than one*  
33 *demonstration project may receive a grant pursuant to this section.*  
34 *It is the intent of the Legislature for a demonstration project that*  
35 *receives a grant to allow patients to receive screenings, diagnosis,*  
36 *and treatment in community settings, including, but not limited to,*  
37 *school-based health centers, adult day care centers, and residential*  
38 *care facilities for the elderly, and for individuals with mental illness*  
39 *or developmental disabilities. It is also the intent of the Legislature*  
40 *for a demonstration project that receives a grant to take advantage*

1 *of advances in telecommunications technologies that will produce*  
2 *a more accessible and cost-effective delivery system for needed*  
3 *services and improved health outcomes.*

4 (2) *A grant awarded pursuant to this subdivision may be*  
5 *allocated in increments to a demonstration project over multiple*  
6 *years to ensure the ability of each demonstration project to*  
7 *complete its work, as determined by the authority. Prior to the*  
8 *initial allocation of funds pursuant to this subdivision, the*  
9 *administrators of the demonstration project shall provide evidence*  
10 *that the demonstration project has or will have additional funds*  
11 *sufficient to ensure completion of the demonstration project. If the*  
12 *authority allocates a grant in increments, each subsequent year's*  
13 *allocation shall be provided to the demonstration project only*  
14 *upon submission of research that shows that the project is*  
15 *progressing towards the identification of a community-based,*  
16 *cost-effective delivery model that addresses obstacles to receiving*  
17 *health care services in more traditional settings, improves health*  
18 *outcomes for vulnerable populations, and can be replicated*  
19 *throughout the state.*

20 (c) (1) *If a demonstration project that receives a grant pursuant*  
21 *to subdivision (b) is successful at developing a new method of*  
22 *delivering cost effective community-based health care services*  
23 *that result in improved health care outcomes, then, beginning in*  
24 *the third year after the initial allocation of moneys provided*  
25 *pursuant to subdivision (b), the authority may implement a second*  
26 *grant program that awards not more than five million dollars*  
27 *(\$5,000,000), in the aggregate, to eligible recipients as defined by*  
28 *the authority, to replicate in additional California communities*  
29 *the model developed by a demonstration project that received a*  
30 *grant pursuant to subdivision (b). Prior to the implementation of*  
31 *this second grant program, the authority shall prepare and provide*  
32 *a report to the Legislature and the Governor on the outcomes of*  
33 *the demonstration project. The report shall be made in accordance*  
34 *with Section 9795.*

35 (2) *If the authority implements the second grant program, the*  
36 *authority shall also report annually, beginning with the first year*  
37 *of implementation of the second grant program, to the Legislature*  
38 *and the Governor regarding the program, including, but not limited*  
39 *to, the total amount of grants issued pursuant to this subdivision,*

1 *the amount of each grant issued, and a description of each*  
2 *demonstration project awarded funding.*

3 *(3) Grants under this subdivision may be utilized for eligible*  
4 *costs, as defined in subdivision (c) of Section 15432, including*  
5 *equipment, information technology, and working capital, as defined*  
6 *in subdivision (h) of Section 15432.*

7 *(4) The authority may adopt regulations relating to the grant*  
8 *program authorized pursuant to this subdivision, including*  
9 *regulations that define eligible recipients, eligible costs, and*  
10 *minimum and maximum grant amounts, as emergency regulations*  
11 *in accordance with Chapter 3.5 (commencing with Section 11340)*  
12 *of Part 1 of Division 3 of Title 2. For purposes of Chapter 3.5*  
13 *(commencing with Section 11340) of Part 1 of Division 3 of Title*  
14 *2, including Section 11349.6, the adoption of the regulations shall*  
15 *be considered by the Office of Administrative Law to be necessary*  
16 *for the immediate preservation of the public peace, health and*  
17 *safety, and general welfare.*

18 ~~SECTION 1. Section 12693.925 of the Insurance Code is~~  
19 ~~repealed.~~

20 ~~SEC. 2. Section 12693.95 of the Insurance Code is repealed.~~

21 ~~SEC. 3. Section 12923.5 of the Insurance Code is amended to~~  
22 ~~read:~~

23 ~~12923.5. (a) The Department of Managed Health Care and the~~  
24 ~~Department of Insurance shall maintain a joint senior level working~~  
25 ~~group to ensure clarity for health care consumers about who~~  
26 ~~enforces their patient rights and consistency in the regulations of~~  
27 ~~these departments.~~

28 ~~(b) The joint working group shall undertake a review and~~  
29 ~~examination of the Health and Safety Code, the Insurance Code,~~  
30 ~~and the Welfare and Institutions Code as they apply to the~~  
31 ~~Department of Managed Health Care and the Department of~~  
32 ~~Insurance to ensure consistency in consumer protection.~~

33 ~~(c) The joint working group shall review and examine all of the~~  
34 ~~following processes in each department:~~

35 ~~(1) Grievance and consumer complaint processes, including,~~  
36 ~~but not limited to, outreach, standard complaints, including~~  
37 ~~coverage and medical necessity complaints, independent medical~~  
38 ~~review, and information developed for consumer use.~~

39 ~~(2) The processes used to ensure enforcement of the law,~~  
40 ~~including, but not limited to, the medical survey and audit process~~

- 1 ~~in the Health and Safety Code and market conduct exams in the~~
- 2 ~~Insurance Code.~~
- 3 ~~(3) The processes for regulating the timely payment of claims.~~