ASSEMBLY BILL No. 2400

Introduced by Assembly Member Ridley-Thomas

February 21, 2014

An act to add Section 1375.65 to the Health and Safety Code, and to add Section 10133.651 to the Insurance Code, relating to health care coverage.

LEGISLATIVE COUNSEL'S DIGEST

AB 2400, as introduced, Ridley-Thomas. Health care coverage: physician contracts.

Existing law, the Knox-Keene Health Care Service Plan Act of 1975, provides for the licensure and regulation of health care service plans by the Department of Managed Health Care and makes a willful violation of the act a crime. Existing law also provides for the regulation of health insurers by the Department of Insurance. Existing law prescribes restrictions on the types of contractual provisions that may be included in agreements between health care service plans or health insurers and health care providers.

This bill would prohibit a contract between a physician or physician group with a health care service plan or health insurer, that is issued, amended, delivered, or renewed in this state on or after January 1, 2015, from including any provision that requires a physician, as a condition of entering into the contract, to participate in any product that provides different rates, methods of payment, or lines of business unless that participation is negotiated and agreed to between the health care service plan or health insurer and the physician. The bill would require any contract that contains a provision attempting to obligate the physician to participate in any product that provides different rates, methods of

payment, or lines of business to contain a provision for each product permitting the physician to affirmatively agree to participate in each product. The bill would state findings and declarations of the Legislature with respect to these provisions.

By expanding the scope of a crime, this bill would create a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

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

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

SECTION 1. Section 1375.65 is added to the Health and Safety Code, to read:

1375.65. (a) The Legislature finds and declares that prohibiting health care service plans from executing agreements with physicians that contain provisions requiring physicians to participate in all networks or products that are currently offered or that may be offered by the health plan without allowing physicians to affirmatively agree and opt-in to participate in each network or product will assist in maintaining patient access to adequate physician networks. The Legislature further finds and declares that the ability of physicians to exercise this choice will further protect patients as physicians will be able to decide on the merits of the product being offered and whether participation, in their reasonable professional judgment, would further patients' access to continuous quality of medical care.

(b) A contract between a physician or physician group and a health care service plan that is issued, amended, delivered, or renewed in this state on or after January 1, 2015, shall not include any provision that requires a physician, as a condition of entering into the contract, to participate in any product that provides different rates, methods of payment, or lines of business unless that participation is negotiated and agreed to between the health care service plan and the physician. Any contract that contains a provision attempting to obligate the physician to participate in any

product that provides different rates, methods of payment, or lines of business shall contain a provision for each product permitting the physician to affirmatively agree to participate in each product. The status of a physician as a member of, or as being eligible for, other existing or new provider panels shall not be adversely affected by the physician's exercise of his or her right to not participate pursuant to this section.

SEC. 2. Section 10133.651 is added to the Insurance Code, to read:

10133.651. (a) The Legislature finds and declares that prohibiting health insurers from executing agreements with physicians or physician groups that contain provisions requiring physicians to participate in all networks or products that are currently offered or that may be offered by the health insurer without allowing physicians to affirmatively agree and opt-in to participate in each network or product will assist in maintaining patient access to adequate physician networks. The Legislature further finds and declares that the ability of physicians to exercise this choice will further protect patients as physicians will be able to decide on the merits of the product being offered and whether participation, in their reasonable professional judgment, would further patients' access to continuous quality of medical care.

(b) A contract between a physician or physician group and a health insurer that is issued, amended, delivered, or renewed in this state on or after January 1, 2015, shall not include any provision that requires a physician, as a condition of entering into the contract, to participate in any product that provides different rates, methods of payment, or lines of business unless that participation is negotiated and agreed to between the health insurer and the physician. Any contract that contains a provision attempting to obligate the physician to participate in any product that provides different rates, methods of payment, or lines of business shall contain a provision for each product permitting the physician to affirmatively agree to participate in each product. The status of a physician as a member of, or as being eligible for, other existing or new provider panels shall not be adversely affected by the physician's exercise of his or her right to not participate pursuant to this section.

SEC. 3. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because

the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

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