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MMCD All Plan Letter 02007

TO: County-Organized Health Systems
 Geographic Managed Care Plans
 Prepaid Health Plans
 Two-Plan Model Plans

FROM: Cheri Rice, Chief
 Medi-Cal Managed Care Division

SUBJECT: SUMMARY OF 2002 CHAPTERED LEGISLATION
 FOR MEDI-CAL MANAGED CARE PLANS

The purpose of this letter is to provide summary information about bills chaptered during 2002 that impact or may be of interest to Medi-Cal Managed Care Plans (MCPs). We have enclosed the following information.

Narrative summary of chaptered bills: The summary document highlights the main provisions of the new law, indicating how Medi-Cal MCPs and other entities are affected, and cites relevant code sections. Complete copies of bills may be accessed through the Official California Legislative Information website:

<http://www.leginfo.ca.gov/billinfo>

Impact summary table: This document identifies the effective date of each bill, affected entities, and plan submissions and contract changes that will be required as a result of the legislation.

Please be advised that the chaptered legislation summarized does *not* reflect all changes in State law that may affect the business practices or daily operations of contracting MCPs.



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2002 CHAPTERED BILLS IMPACT SUMMARY
(Updated 10/25/2002)

BILL INFO		SUBJECT	EFFEC- TIVE DATE	PLANS AFFECTED	PLAN ACTIVITIES CONTRACT MONITORING		CONTRACT ACTIVITIES	
Bill No.	Chap	Main Focus of Bill			New/Revised Policy and/or Procedure	Member Notice ^a	Amend DHS Contract	Plan Amend Subcontract
AB 425	379	Budget Act of 2002	9/5/2002	All				
AB 442	1161	Trailer Bill	9/30/2002	All				
AB 1282	549	Geographic Accessibility	1/1/2003	Knox-Keene ^b	X			
AB 1379	641	Family Planning	1/1/2003	All				
AB 1421	1017	Mental Health	1/1/2003	Local Health Authorities	X			
AB 1785	55	Rural Health	1/1/2003	Fresno County Plans				
AB 1914	704	Hearing Aids	1/1/2003	All	X	X	X	X
AB 1996	795	Health Care Benefits	1/1/2003	All				
AB 2052	336	Rate Development	1/1/2003					
AB 2085	796	Disputes/Appeals/Fair Hearings	1/1/2003	Knox-Keene ^{b,c}	X	X		
AB 2179	797	Timely Access to Health Care Services	1/1/2003	Knox-Keene ^b				
AB 2191	853	Prescription Drug Policies	1/1/2003	All	X			X (with PBM)
AB 2197	684	AIDS/HIV	1/1/2003	All	X		X	X
AB 2364	452	Administration of Medi-Cal Program	1/1/2003	All				
AB 2420	798	HCSPs: Risk	1/1/2003	Knox-Keene ^b	X			X
AB 2551	276	Mental Health: Provider Contracts	1/1/2003					
AB 2674	756	FQHCs/Rural Clinics	1/1/2003	All	X	X	X	
AB 2907	925	Provider Contracts	1/1/2003	Knox-Keene ^b	X			X
AB 3048	760	Coverage Issues	1/1/2003	Knox-Keene ^b				
SB 283	667	Healthy Families	1/1/2003	All	X			
SB 398	928	General Business Practice	1/1/2003	Knox-Keene ^b	X			
SB 686	790	Fees	1/1/2003	Knox-Keene ^b				

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Bill No.	Chap	Main Focus of Bill			New/Revised Policy and/or Procedure	Member Notice ^a	Amend DHS Contract	Plan Amend Subcontract
SB 801	15	Med Errors	3/21/2002					
SB 842	791	Prescription Drug Policies	1/1/2003	Knox-Keene ^b				
SB 1092	792	Disputes/Appeals/Fair Hearings	1/1/2003	Knox-Keene ^b				
SB 1529	262	Conflict of Interest-COHS	1/1/2003	COHS				
SB 1558	263	Prescription Drug Policies	8/26/2002	All	X			X
SB 1913	793	Regulation Enforcement	1/1/2003					

^a Member notice may involve changes to member informing materials, form changes and/or special mailings. See specific bill for member notice requirements.

^b Applies to Knox-Keene licensed health care service plans including 2 Plan, GMC, and the Health Plan of San Mateo.

^c HCSPs that primarily serve Medi-Cal or Healthy Family enrollees are exempt from maintaining a website.

Note: Complete text of chaptered bills available through the California State Legislature's website: <http://www.leginfo.ca.gov/billinfo>

2002 CHAPTERED BILLS IMPACTING OR OF INTEREST TO MEDI-CAL MANAGED CARE DIVISION AND CONTRACTED PLANS

(Prepared October 25, 2002)

AB 425 (Chapter 379, Statutes of 2002) -- Budget Act of 2002. The provisions took effect immediately as an urgency statute.

AB 1282 (Chapter 549, Statutes of 2002) -- The Department of Managed Health Care is required to adopt regulations that establish an alternative geographic provider accessibility standard in counties with a population of 500,000 or less that have two or fewer HMOs providing coverage in the commercial market. It also establishes the Advisory Committee on Managed Health Care. [Adds Section 1366.1 to the Health and Safety Code, relating to health care service plans.]

AB 1379 (Chapter 641, Statutes of 2002) -- The Office of Family Planning is authorized to award grants to eligible individuals and entities for the provision of family planning services. [Amends Sections 14500.5, 14501, 14502, 14503, 14503.5, 14509, 14509.1, 14510, and 14512 of the Welfare and Institutions Code, relating to family planning.]

AB 1421 (Chapter 1017, Statutes of 2002) -- This statute enacts the Assisted Outpatient Treatment Demonstration Project Act of 2002. Counties may establish outpatient treatment programs for court-ordered treatment for persons suffering from a mental disorder that meet certain criteria. The program would operate in counties that choose to provide the service. [An act to add and repeal Article 9 (commencing with Section 5345) of Chapter 2 of Part 1 of Division 5 of the Welfare and Institutions Code.]

AB 1785 (Chapter 55, Statutes of 2002) -- This bill authorizes Selma Community Hospital, a private, nonprofit hospital in the County of Fresno, to enter into a joint powers agreement with specified public agencies. It may affect health plans operating in Fresno county. [Adds Section 6523.4 to the Government Code.]

AB 1914 (Chapter 704, Statutes of 2002) -- This statute provides that hearing aids are a covered Medi-Cal benefit only after specified examinations and evaluations are completed by certain individuals. [Adds Section 14133.16 to the Welfare and Institutions Code.]

AB 1996 (Chapter 795, Statutes of 2002) -- This statute requests that the University of California assess legislation proposing mandated health care benefits to be provided by health care service plans and health insurers, and to prepare a written analysis in accordance with specified criteria. [An act to add and repeal Chapter 7 (commencing with Section 127660) of Part 2 of Division 107 of the Health and Safety Code, relating to health care.]

AB 2052 (Chapter 336, Statutes of 2002) -- Disability insurers and health care service plans are prohibited from changing premium rates, copayments or

deductibles after the group contract or policy holder has delivered written acceptance of a contract or policy. [Amends the heading of Article 5.5 (commencing with Section 1374.20) to Chapter 2.2 of Division 2 of, amends, renumbers, and adds Section 1374.20 to, the Health and Safety Code, and adds Section 10199.48 to the Insurance Code, relating to health care.]

AB 2085 (Chapter 796, Statutes of 2002) – This statute requires health care service plans (HCSPs) to establish and maintain a grievance system, approved by the Department of Managed Health Care (DMHC), for enrollees. Every HCSP must also maintain a website that would allow enrollees to submit grievances and maintain a log and documentation of receipt of grievances. HCSPs that do not have the necessary hardware would be exempted from these requirements until January 1, 2006. HCSPs that primarily serve Medi-Cal or Healthy Families program enrollees are explicitly excluded from the requirement of maintaining a website. HCSPs must provide a written acknowledgment of the receipt of a grievance within 5 calendar days unless the grievance is by telephone, fax, e-mail or on-line. Plan contracts or correspondence must include more specific information regarding grievances. Plans must publish the DMHC's TDD line for hearing and speech impaired. [An act to amend Sections 1368, 1368.01, and 1368.02 of, and to add Section 1368.015 to, the Health and Safety Code.]

AB 2179 (Chapter 797, Statutes of 2002) -- The Department of Managed Health Care, and the Insurance Commissioner are required to adopt regulations to ensure access to needed healthcare services in a timely manner. The appropriate department may assess an administrative penalty against a health care service plan or insurer in specified circumstances for failure to comply with requirements concerning timely access to care. [An act to amend Sections 1342 and 1367 of, and to add Section 1367.03 to, the Health and Safety Code, and to amend Section 10133.5 of the Insurance Code.]

AB 2191 (Chapter 853, Statutes of 2002) -- Pharmaceutical companies, or agents or representatives of pharmaceutical companies are prohibited from disclosing medical information regarding a patient, without first obtaining authorization, except as specified. It may affect activities of the Pharmacy Benefit Managers that currently contract with Medi-Cal plans. [An act to amend Sections 56.05, 56.101, 56.11, and 56.12 of, and to add Section 56.102 to, the Civil Code.]

AB 2197 (Chapter 684, Statutes of 2002) – The Department of Health Services (DHS) is required to apply for the federal waiver necessary to create a program entitled, The Medi-Cal Managed Care Benefits Program for Nondisabled Persons with HIV. Under this program, Medi-Cal eligibility would be extended to persons with HIV who are not disabled, but who would otherwise qualify for Medi-Cal. DHS must conduct outreach and awareness activities to encourage increased voluntary enrollment into managed care plans of individuals who are already eligible for Medi-Cal that have AIDS. The cost of coverage for otherwise ineligible HIV+ individuals would be offset by the savings generated by serving more beneficiaries with AIDS in managed care plans instead of the Medi-Cal fee-for-service program. All HIV+ individuals eligible under the proposed expansion would be required to enroll in a managed care plan in those counties where

managed care is available. [Adds Article 4.9 (commencing with Section 14149) to Chapter 7 of Part 3 of Division 9 of the Welfare and Institutions Code, relating to Medi-Cal.]

AB 2364 (Chapter 452, Statutes of 2002) -- Requires the Legislature to commission a study on how the administration of the Medi-Cal program might be simplified. [N/A]

AB 2420 (Chapter 798, Statutes of 2002) – On or after July 1, 2003, no health care service plan contract that is issued, amended, or renewed in this State shall require or allow a health care service provider to assume or be at any financial risk for injectable chemotherapeutic meds and injectable adjunct pharmaceutical therapies for side effects, injectable meds or blood products used for hemophilia, injectable meds related to transplant services, adult vaccines, self-injectable meds, and other meds or medication in an implantable device costing more than \$250 per dose. Financial risk may be delegated if the provider requests to assume financial risk for the specified items. [An act to amend Section 1375.5 of, and to add Section 1375.8 to, the Health and Safety Code.]

AB 2551 (Chapter 276, Statutes of 2002) -- Provides that for purposes of continuing treatment of a transferring enrollee, a health care service plan or disability insurer may require a nonparticipating mental health provider to enter into a standard mental health provider contract. [Amends Section 1373.95 of the Health and Safety Code and 10133 .55 of the Insurance Code.]

AB 2674 (Chapter 756, Statutes of 2002) -- This statute requires that any enrollee of a program or plan who affirmatively selects, or is assigned by default to a FQHC or RHC under the terms of a contract between a plan, government program, or any subcontractor of a plan or program and a FQHC or RHC, would be assigned directly to the FQHC or RHC, and not to any individual provider performing services on behalf of the FQHC or RHC. This will impact all plan's and the ID cards they issue to members. [An act to amend Sections 14087.325 and 14105 of the Welfare and Institutions Code.]

AB 2907 (Chapter 925, Statutes of 2002) – This statute prohibits provisions in a contract between a health care service plan or insurer and a health care provider from allowing the plan or insurer to unilaterally change a material term of the contract without meeting certain requirements that would require the provider to accept additional patients. A contract violating any of these prohibitions would be void, unlawful and unenforceable. [An act to amend Section 1386 of, and to add Section 1375.7 to, the Health and Safety Code, and to add Section 10133.65 to the Insurance Code.]

AB 3048 (Chapter 760, Statutes of 2002) – This statute amended specified sections of the Health and Safety Code pertaining to the Knox-Keene Health Care Service Plan Act of 1975 to correct various obsolete references. Has no effect on the Medi-Cal managed care program. [Amends Sections 1345, 1367.22, 1371.2, and 1374.9 of the Health and Safety Code, and amends Section 12726 of the Insurance Code, relating to health care.]

SB 283 (Chapter 667, Statutes of 2002) -- . This statute expands the role of HCSPs in providing application assistance directly to applicants of the Healthy Families program. [Amends Section 12693.325 of the Insurance Code.]

SB 398 (Chapter 928, Statutes of 2002) – This statute creates new reporting requirements to the Department of Managed Health Care by health care service plans prior to filing for bankruptcy. [An act to add Sections 1366.1 and 1375.3 to the Health and Safety Code.]

SB 686 (Chapter 790, Statutes of 2002) – This statute revises the rates paid by health plans for the administration of the Knox-Keene Health Care Service Plan Act. Non-specialized health care service plans will pay 65% of the Department of Managed Health Care's costs and expenses for the ensuing fiscal year and specialized plans will pay 35% of such costs. [An act to amend, repeal, and add Section 1356 of the Health and Safety Code.]

SB 801 (Chapter 15, Statutes of 2002) – This statute corrected technical errors in SB 1875 (Speier, Chapter 816, Statutes of 2000), which required specified health facilities to develop and submit to the Department of Health Services formal plans to reduce medication-related errors and in AB 313 (Goldberg, 2001) which allowed the Special Supplemental Nutrition Program for Women, Infants and Children coupons to be redeemed at any authorized retail grocery store beginning July 1, 2004. The provisions took effect immediately as an urgency statute. [An act to amend Sections 1339.63 and 123296 of the Health and Safety Code, and to amend Section 4 of Chapter 842 of the Statutes of 2001, and declaring the urgency thereof, to take effect immediately.]

SB 842 (Chapter 791, Statutes of 2002) -- This statute clarified that certain provisions of the Knox-Keene Act requiring a health care service plan to include prescription drug benefits shall not be construed to deny or restrict the authority of the Department of Managed Health Care to ensure a plan's compliance. [An act to amend Sections 1367.215, 1367.24, 1367.25, 1367.45, 1367.51, and 1374.72 of, and to add Section 1342.7 to, the Health and Safety Code.]

SB 1092 (Chapter 792, Statutes of 2002) -- The Director of the Department of Managed Health Care will be allowed to award advocacy and witness fees to a person who represents the interests of consumers in ensuring affordable and effective delivery of health care. The financial impact on health plans is likely to be minimal. [Adds and repeals Section 1348.9 of the Health and Safety Code, relating to health care service plans.]

SB 1529 (Chapter 262, Statutes of 2002) -- This statute specifies conditions under which a member of a County Organized Health System commission or advisory committee shall not be deemed to be interested in a contract entered into by the commission. "Conflict of interest" is redefined in order to attract to these commissions, individuals with expertise regarding health care provider operations. [An act to amend Section 14087.57 of the Welfare and Institutions Code.]

SB 1558 (Chapter 263, Statutes of 2002) -- This statute authorizes a certified nurse-midwife, a nurse practitioner, or a physician assistant to sign for the request and receipt of complimentary samples of controlled drugs. The provisions took effect immediately as an urgency statute. [An act to amend Section 4061 of the Business and Professions Code.]

SB 1913 (Chapter 793, Statutes of 2002) -- The Department of Managed Health Care and the Department of Insurance are required to maintain a joint senior level working group to ensure clarity in enforcement and consistency in regulations. It requires the joint working group to review and examine certain procedures in the departments and to report its findings to the Insurance Commissioner, the Director of the Department of Managed Health Care and the Legislature by January 1 of every year for 5 years. [Adds Section 1342.4 to the Health and Safety Code and Section 12923.5 to the Insurance Code, relating to health care.]