

2009-2010 Session
State Legislative Report as of 9/9/2010 – UPDATED
Overview of Priority Board Regular Session Bills

AB 342 (Perez) Medi-Cal: Demonstration Project Waivers

Along with SB 208 (Steinberg and Alquist), this bill includes the statutory provisions necessary to implement a new federal Section 1115 waiver to establish organized health care delivery systems for children eligible for services under the California Children Services (CCS) program, which could include HFP children.

***AB 542** (Feuer) Hospital Acquired Conditions

This bill would require the Department of Health Care Services (DHCS) and MRMIB to implement nonpayment policies and practices for hospital acquired conditions. The bill has been amended to include MRMIB representation on the technical working group charged with making recommendations to DHCS.

***AB 1602** (Perez) Health Care Coverage

This bill would enact the California Patient Protection and Affordable Care Act, and would create the California Health Benefit Exchange to determine eligibility and enrollment and arrange for coverage with participating health, dental and vision plans.

AB 1653 (Jones) Medi-Cal: Hospitals: Managed Health Care Plans: Quality Assurance Fee

This bill would make the necessary changes to the quality assurance fee established by AB 1383 (2009) in order to gain approval by the Centers for Medicaid and Medicare Services for the increased federal match. A total of \$80 million per quarter of the proceeds from the fee are required to be paid for health care coverage for children.

***AB 2470** (Del La Torre) Individual Health Care Coverage

This bill would prohibit a health plan or health insurer from rescinding or canceling a health plan contract/health insurance policy

SB 208 (Steinberg and Alquist) Medi-Cal: Demonstration Project Waivers

Along with, AB 342 (Perez), this bill includes the statutory provisions necessary to implement a new federal Section 1115 waiver to establish organized health care delivery systems for children eligible for services under the California Children Services (CCS) program, which could include HFP children.

***SB 890** (Alquist) Health Care Coverage

This bill requires health plans and health insurers to categorize all individual market products into one of five tiers based on actuarial level from catastrophic to platinum levels with an actuarial value upwards of 90 percent.

***SB 900** (Alquist) California Health Benefits Exchange

This bill would establish the California Health Benefits Exchange as an independent public entity and set forth the makeup of its governing board.

* Legislation enacting components of federal health care reform under the Patient Protection and Affordable Care Act (PPACA).

***SB 1163** (Leno) Health Care Coverage: Denials: Premium Rates

This bill requires health care service plans (health plans) and health insurers to file with their regulators specified rate information at least 60 days prior to implementing any rate change for individual and small group plans and to justify unreasonable rate increases as required under the Patient Protection and Affordable Care Act.

SB 1431 (Simitian) County Health Initiative Matching Fund

This bill would allow C-CHIP counties participating in CHIM (County Health Initiative Matching) Fund to apply to the Managed Risk Medical Insurance Board for receipt of matching federal funds to provide health care coverage to eligible children whose family income is at or below 400 percent of the federal poverty level.

* Legislation enacting components of federal health care reform under the Patient Protection and Affordable Care Act (PPACA).

Assembly Bills

†**AB 342** (Perez) Medi-Cal: Demonstration Project Waivers

Version: Amended 8/2/2010

Sponsor: Author

Status: 8/23/2010 – Senate INACTIVE

This bill is one of two companion bills (AB 208 (Steinberg and Alquist) is the other) that include the statutory provisions necessary to implement a new federal Section 1115 waiver. California currently has several waivers, including the Medi-Cal Hospital/Uninsured Care waiver (hospital financing waiver) which will expire in August 2010. Among other things, the bill would require in accordance with the waiver, that DHCS establish organized health care delivery systems for children eligible for services under the California Children Services (CCS) program. The bill would permit MRMIB to enroll children in Healthy Families in these organized health care delivery models. Currently, both bills contain identical language. Although this bill failed to pass by the August 31st legislative deadline, it is still eligible to be heard by the legislature because it contains an urgency clause declaring that it takes effect immediately upon passage by a two-thirds vote.

*†**AB 542** (Feuer) Hospital-Acquired Conditions

Version: Amended 8/17/2010

Sponsor: Author

Status: 9/3/2010-Enrolled

This bill requires the Department of Health Care Services to convene a technical working group to recommend nonpayment policies and practices for hospital acquired conditions to the department by February 1, 2011, and implement nonpayment policies and practices for the fee-for-service Medi-Cal program, in accordance with the Patient Protection and Affordable Care Act (PPACA). MRMIB would then require contracted health plans to implement the nonpayment policies and practices through their contracts with providers. This is the most recent effort to reduce the incidence of hospital acquired conditions. The bill has been amended to include MRMIB representation on the technical working group.

AB 1600 (Beall) Health Care Coverage: Mental Health Services

Version: Introduced 8/20/2010

Sponsor: Author

Status: 9/3/2010-Enrolled

This bill would require health plan contracts and insurer policies issued, amended or renewed on or after January 1, 2011, to cover the diagnosis and treatment of substance abuse and mental illnesses as defined in the American Psychiatric Association's Diagnostic and Statistical Manual IV. Presently, MRMIP contracts with Knox-Keene plans to provide coverage. If it continues to

* Legislation enacting components of federal health care reform under the Patient Protection and Affordable Care Act (PPACA).

† Priority Board bills

Developments since the previous Board meeting underlined.

do so, MRMIP would have to delete current limitations on mental health benefits. As a result of these changes, the rates that MRMIP health plans charge MRMIB may increase. Those increased costs would be partially passed on to the subscribers through higher premiums and partially covered by the program, in which case the enrollment cap may be required to be lowered because of the fixed appropriation.

*†**AB 1602** (Perez) Health Care Coverage

Version: Amended 8/20/2010

Sponsor: Author

Status: 8/31/2010-Enrolled

This bill would enact the California Patient Protection and Affordable Care Act and set forth the authorities and duties of the California Health Benefit Exchange. The exchange would be required to implement specific functions as required by the federal Patient Protection and Affordable Care Act (PPACA): To enter into contracts with health care service plans and health insurers seeking to offer coverage in the Exchange, and provide a choice in each region of California among the five levels of coverage specified in the federal Act. The governing structure of the Exchange is set forth in SB 900 which has been double joined to this bill, meaning that both must be enacted for either to be implemented. The bill has also been amended to delete all the PPACA consumer protections. Most of these protections can still be found in other current state legislation. For example, the prohibition on lifetime and restricted annual benefit limits is included by direct reference to PPACA in SB 890.

†**AB 1653** (Jones) Medi-Cal: Hospitals: Managed Health Care Plans: Quality Assurance Fee

Version: Amended 8/27/2010

Sponsor: Author

Status: 9/8/2010-Chaptered

This bill would make the necessary changes to the quality assurance fee established by AB 1383 (2009) in order to gain approval by the Centers for Medicaid and Medicare Services for the increased federal match. AB1383 required DHCS to use the pending increased federal match provided by the American Reinvestment and Recovery Act for supplemental reimbursements to hospitals and managed health care plans and to provide \$80 million per quarter of the year for health care coverage for children. It is possible that a portion of these funds could be allocated in the budget for HFP.

* Legislation enacting components of federal health care reform under the Patient Protection and Affordable Care Act (PPACA).

† Priority Board bills

Developments since the previous Board meeting underlined.

***AB 1825** (De La Torre) Maternity Services

Version: Amended 8/20/2010

Sponsors: American Congress of Obstetricians and Gynecologists, District IX; California Commission on the Status of Women

Status: 9/8/2010 – Enrolled

This bill would require every individual or group health insurance policy issued, amended, or renewed on or after July 1, 2011, and prior to January 1, 2014, to provide coverage for maternity services, as defined and after January 1, 2014, to provide coverage for maternity services consistent with the federal Patient Protection and Affordable Care Act. Currently health care service plans regulated by the Department of Managed Health Care have been required by the Knox-Keene Health Care Service Plan Act to provide maternity services, but health insurers regulated by the Department of Insurance have not. The bill would define maternity services to include prenatal care, ambulatory care maternity services, involuntary complications of pregnancy, neonatal care, and inpatient hospital maternity care, including labor and delivery and postpartum care. Although there would be no direct impact to MRMIB programs because maternity services are already included, to the extent that there are a number of AIM subscribers that simultaneously carry private insurance that does not cover maternity services, there could be an indirect impact to the AIM program.

***AB 2244** (Feuer) Health Care Coverage

Version: Amended 8/20/2010

Sponsor: Health Access California

Status: 9/8/2010 – Enrolled

This bill would require guaranteed issue of health plan and health insurance products for children in 2011 and adults in 2014 as required by the federal Patient Protection and Affordable Care Act. It would also prohibit the pre-existing condition exclusions or limitations for children beginning in 2011 and adults in 2014. The bill would establish standard individual market rating factors (age, geographic region, family composition and health benefit plan design). The bill would also limit premium variation for children's coverage until 2014 by requiring health plans and health insurers to use "rate bands" that limit premium variation to no more than twice the standard risk rate for a child in each particular rating category and benefit plan.

***AB 2345** (De La Torre) Health Care Coverage: Preventative Services

Version: Amended 8/18/2010

Sponsor: Author

Status: 9/8/2010 – Enrolled

This bill would require group and individual health care service plan contracts and health insurance policies to provide coverage, and not impose cost-sharing requirements, for preventive services as specified by the Patient Protection and Affordable Care Act (PPACA).

* Legislation enacting components of federal health care reform under the Patient Protection and Affordable Care Act (PPACA).

† Priority Board bills

Developments since the previous Board meeting underlined.

***†AB 2470 (De La Torre) Individual Health Care Coverage**

Version: Amended 8/27/2010

Sponsor: California Medical Association

Status: 8/31/2010 – Enrolled

Consistent with the Patient Protection and Affordable Care Act, this bill would prohibit a health plan or health insurer from rescinding or canceling a health plan contract/health insurance policy unless there was a material misrepresentation or material omission in the information submitted by the applicant, and the health plan/insurer demonstrates that the applicant intentionally misrepresented or intentionally omitted material information on the application with the purpose of misrepresenting his or her health history in order to obtain health care coverage. This bill also modifies the ability of a health plan or health insurer to cancel or not renew a contract or policy for nonpayment of premiums by requiring a 30-day grace period from the date of notification from the plan or insurer.

* Legislation enacting components of federal health care reform under the Patient Protection and Affordable Care Act (PPACA).

† Priority Board bills

Developments since the previous Board meeting underlined.

Senate Bills

SB 56 (Alquist) County Joint Health Plan Ventures

Version: Amended 8/17/2010

Sponsor: Author

Status: 9/3/2010 - Enrolled

This bill would allow health plans governed by various county bodies (boards of supervisors, special commissions, health system, health authority or medical services plan) to form joint ventures to create integrated networks of public health plans that pool risks, share networks or jointly offer health plans to individuals and groups. The intent of the legislation is to facilitate establishment of affordable health coverage options in the individual and group markets.

†**SB 208** (Steinberg and Alquist) Medi-Cal: Demonstration Project Waivers

Version: Amended 8/2/2010

Sponsor: Author

Status: 8/24/2010 – Assembly INACTIVE

This bill is one of two companion bills (AB 342 (Perez) is the other) that include the statutory provisions necessary to implement a new federal Section 1115 waiver. California currently has several waivers, including the Medi-Cal Hospital/Uninsured Care waiver (hospital financing waiver) which will expire in August 2010. Among other things, the bill would require, in accordance with the waiver, that DHCS establish organized health care delivery systems for children eligible for services under the California Children Services (CCS) program. The bill would permit MRMIB to enroll children in Healthy Families in these organized health care delivery models. Currently, both bills contain identical language. Although this bill failed to pass by the August 31st legislative deadline, it is still eligible to be heard by the legislature because it contains an urgency clause declaring that it takes effect immediately upon passage by a two-thirds vote.

SB 543 (Leno) Minors: Consent for Mental Health Treatment

Version: Amended 8/20/2010

Sponsors: National Association of Social Workers, California Chapter; Mental Health America of Northern California; GSA Network; and Equality California

Status: 8/30/2010 - Enrolled

This bill would allow a minor who is at least 12 years old to consent to outpatient mental health treatment or counseling services if the attending “professional person,” as defined, determines the minor is mature enough to participate intelligently in the mental health treatment or counseling services. It would require involvement of the minor’s parents in the treatment or services unless the “professional person” determines, after consulting with the minor, that the parental involvement would be inappropriate.

* Legislation enacting components of federal health care reform under the Patient Protection and Affordable Care Act (PPACA).

† Priority Board bills

Developments since the previous Board meeting underlined.

***†SB 890** (Alquist) Health Care Coverage

Version: Amended 8/25/2010

Sponsor: Health Access California; Kaiser Permanente Medical Care Program

Status: 8/31/2010 – Enrolled

In accordance with the Patient Protection and Affordable Care Act, this bill requires health plans and health insurers to categorize all individual market products into one of five tiers based on actuarial level from catastrophic to platinum levels with an actuarial value upwards of 90 percent. The bill would require health plans and health insurers to allow an individual to transfer without medical underwriting to any other individual plan contract offered by that same health plan or health insurer that provides equal or lesser benefits upon the annual renewal date of the contract or policy. The bill also includes some of the PPACA consumer protections including the prohibition on lifetime limits and restricted annual limits, and the PPACA medical loss ratio and requires compliance with any federal rules or regulations issued under those provisions.

***†SB 900** (Alquist) California Health Benefits Exchange

Version: Amended 8/19/2010

Sponsor: Author

Status: 9/3/2010 – Enrolled

This bill would establish the California Health Benefits Exchange as an independent public entity within state government. It would create the governing body for the Exchange as a five member board with two members appointed by the Governor, two members appointed by the Legislature and designate the Secretary of Health and Human Services as the fifth, ex-officio member. This bill has been double joined with AB 1602, meaning that both must be enacted for either to be implemented. AB 1602 now contains the duties and powers of the California Health Benefits Exchange.

***SB 1088** (Price) Health Care Coverage: Dependents

Version: Amended 8/20/2010

Sponsor: Author

Status: 9/3/2010 – Enrolled

This bill would prohibit, with specified exceptions, the limiting age for dependents covered by health plan contracts and health insurance policies from being less than 26 years of age, pursuant to the Patient Protection and Affordable Care Act (PPACA).

* Legislation enacting components of federal health care reform under the Patient Protection and Affordable Care Act (PPACA).

† Priority Board bills

Developments since the previous Board meeting underlined.

***†SB 1163** (Leno) Health Care Coverage: Denials: Premium Rates

Version: Amended 8/25/2010

Sponsor: Health Access California

Status: 9/2/2010 – Enrolled

This bill requires health care service plans (health plans) and health insurers to file with their regulators specified rate information at least 60 days prior to implementing any rate change for individual and small group plans and to justify unreasonable rate increases as required under the Patient Protection and Affordable Care Act. The bill requires rate filings to be actuarially sound and to include a certification by an independent actuary that any increase is reasonable or unreasonable. The bill increases, from 30 days to 60 days, the amount of time that health plan or insurer provides written notice to an enrollee or insured before a change in premium rates or coverage becomes effective. The bill would also require health plans and insurers that decline to offer coverage to or deny enrollment for a large group applying for coverage or that offer small group coverage at a rate that is higher than the standard employee risk rate to, at the time of the denial or offer of coverage, provide the applicant with reason for the decision.

†SB 1431 (Simitian) County Health Initiative Matching Fund

Version: Amended 4/7/2010

Sponsor: San Mateo County

Status: 9/2/10 – Enrolled

This bill would expand eligibility in the County Health Initiative Matching Fund program, also known as C-CHIP, to children in families with income of 300 percent of the federal poverty level up to 400 percent. It would also authorize eligibility for children who, although they have met the requirements for HFP, are unable to enroll when enrollment caps are utilized during due to budget limitations. Pending federal approval, funding for this expansion would be according to the state's Medicaid match using one-half local funds rather than state funds and one-half federal matching funds. No state funds would be used to support this expansion.

* Legislation enacting components of federal health care reform under the Patient Protection and Affordable Care Act (PPACA).

† Priority Board bills

Developments since the previous Board meeting underlined.

Bills MRMIB Will No Longer Report to the Board

AB 1445 (Chesbro) Medi-Cal: Federally Qualified Health Centers and Rural Health Clinics

Version: Amended 6/1/2009

Sponsor: California Primary Care Association

Status: 8/18/2010 - Dead

The bill would allow federally qualified health centers (FQHCs) and rural health clinics (RHCs) to be reimbursed by Medi-Cal for more than one patient visit per day if the individual sees more than one health care professional at the time. An example of this situation would be if the patient had an appointment with a health care professional and a mental health professional on the same day at the same location. Another example would be a situation where a patient had an appointment for an illness and then on the same day became injured and needed to return that day to the same location. Federal law currently allows two visits per day, but Medi-Cal does not provide reimbursement. As MRMIB intends to use the Medi-Cal process to pay prospective payment rates to clinics, this could also affect HFP costs. This change in reimbursement was vetoed by the Governor in 2007 as SB 36 (Steinberg) due to General Fund costs.

AB 2533 (Fuentes) Health Care Coverage: Quality Rating

Version: Amended 6/23/2010

Sponsor: California Medical Association

Status: 8/13/2010 - Dead

This bill would expand provisions of law that require every health care service plan and certain health insurers to file with the respective regulators a description of policies and procedures related to economic profiling used by the plan or insurer and its medical groups and individual practice associations. Economic profiling means any evaluation of a particular physician, provider, medical group or individual practice association based in whole or part on the economic costs or utilization of services associated with the medical care provided or authorized by a specific physician. The bill would expand these provisions to apply to quality ratings used by the plan or insurer with respect to individual or group performance of physicians.

AB 2578 (Jones) Health Care Coverage: Rate Approval

Version: Amended 8/17/2010

Sponsor: Author

Status: 8/31/2010 - Dead

This bill would require that all health care service plans obtain approval from the Department of Managed Health Care and all health insurers obtain approval from the Department of Insurance in order to increase a premium, co-payment, coinsurance obligation, deductible, or other charge.

* Legislation enacting components of federal health care reform under the Patient Protection and Affordable Care Act (PPACA).

† Priority Board bills

Developments since the previous Board meeting underlined.

AB 2787 (Monning) Office of the California Health Ombudsman

Version: Amended 7/15/2010

Sponsor: Author

Status: 8/13/2010 – Dead

This bill would establish the Office of the California Health Ombudsman, governed by a chief executive officer known as the California Health Ombudsman. The ombudsman would be required to apply for a federal grant established by PPACA for states to operate consumer assistance or health insurance ombudsman programs. The bill would require the ombudsman to educate consumers on their health care coverage rights and responsibilities, assist consumers with enrollment in health care coverage, and resolve problems with obtaining federal premium tax credits. The Ombudsman would initially be funded through an annual fee on health plans and health insurers.

SB 810 (Leno) Single-Payer Health Care Coverage

Version: Amended 1/13/2010

Sponsor: One Care Now, Health Care For All

Status: 8/31/2010 – Dead

This bill states the intent of the Legislature to establish a single system of universal health care coverage and a single public payer for all health care services in California. All people physically present in California with the intent to reside in the state would be eligible for the California Healthcare System Plan. It would prohibit any health care service plan contract or health insurance policy, except for the California Healthcare System Plan, from being sold in California for services provided by the system. Finally, this bill would require the Managed Risk Medical Insurance Board (MRMIB) to serve, with other departments and agencies, on an advisory panel that would make recommendations to the Commissioner on how to establish the system throughout local regions.

* Legislation enacting components of federal health care reform under the Patient Protection and Affordable Care Act (PPACA).

† Priority Board bills

Developments since the previous Board meeting underlined.