

ASSEMBLY BILL

No. 1044

Introduced by Assembly Member Strickland

February 22, 2007

An act to amend Section 1395 of the Health and Safety Code, relating to health care service plans.

LEGISLATIVE COUNSEL'S DIGEST

AB 1044, as introduced, Strickland. Health care service plans: offices and subsidiaries.

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 provides that a willful violation of the act is a crime. Existing law authorizes a health care service plan to own and operate offices and subsidiary corporations as are necessary to provide health care services to the plan's subscribers and enrollees.

This bill would require a plan to report to the department, in either an electronic or written submission, the location of those offices and subsidiary corporations. Because the bill would impose additional requirements on a health care service plan, the willful violation of which would be a crime, the bill would impose 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:

1 SECTION 1. Section 1395 of the Health and Safety Code is
 2 amended to read:
 3 1395. (a) Notwithstanding Article 6 (commencing with Section
 4 650) of Chapter 1 of Division 2 of the Business and Professions
 5 Code, ~~any~~ a health care service plan or specialized health care
 6 service plan may, except as limited by this subdivision, solicit or
 7 advertise with regard to the cost of subscription or enrollment, *and*
 8 facilities and services rendered, provided, however, Article 5
 9 (commencing with Section 600) of Chapter 1 of Division 2 of the
 10 Business and Professions Code remains in effect. ~~Any~~A price
 11 advertisement shall be exact, without the use of ~~such~~ *the* phrases
 12 as “as low as,” “and up,” “lowest prices” or words or phrases of
 13 similar import. ~~Any~~An advertisement that refers to services, or
 14 costs for the services, and that uses words of comparison must be
 15 based on verifiable data substantiating the comparison. ~~Any~~A
 16 health care service plan or specialized health care service plan so
 17 advertising shall be prepared to provide information sufficient to
 18 establish the accuracy of the comparison. Price advertising shall
 19 not be fraudulent, deceitful, or misleading, nor contain any offers
 20 of discounts, premiums, gifts, or bait of similar nature. In
 21 connection with price advertising, the price for each product or
 22 service shall be clearly identifiable. The price advertised for
 23 products shall include charges for any related professional services,
 24 including dispensing and fitting services, unless the advertisement
 25 specifically and clearly indicates otherwise.
 26 (b) Plans licensed under this chapter shall not be deemed to be
 27 engaged in the practice of a profession, and may employ, or
 28 contract with, ~~any~~ a professional licensed pursuant to Division 2
 29 (commencing with Section 500) of the Business and Professions
 30 Code to deliver professional services. Employment by or a contract
 31 with a plan as a provider of professional services shall not
 32 constitute a ground for disciplinary action against a health
 33 professional licensed pursuant to Division 2 (commencing with
 34 Section 500) of the Business and Professions Code by a licensing
 35 agency regulating a particular health care profession.
 36 (c) A health care service plan licensed under this chapter may
 37 directly own, and may directly operate through its professional
 38 employees or contracted licensed professionals, offices and

1 subsidiary corporations, including pharmacies that satisfy the
2 requirements of subdivision (d) of Section 4080.5 of the Business
3 and Professions Code, as are necessary to provide health care
4 services to the plan’s subscribers and enrollees. *The plan shall*
5 *report to the department, in either a written or electronic*
6 *submission, the location of those offices and subsidiary*
7 *corporations.*

8 (d) A professional licensed pursuant to the provisions of
9 Division 2 (commencing with Section 500) of the Business and
10 Professions Code who is employed by, or under contract to, a plan
11 may not own or control offices or branch offices beyond those
12 expressly permitted by the provisions of the Business and
13 Professions Code.

14 (e) Nothing in this chapter shall be construed to repeal, abolish,
15 or diminish the effect of Section 129450 of the Health and Safety
16 Code.

17 (f) Except as specifically provided in this chapter, nothing in
18 this chapter shall be construed to limit the effect of the laws
19 governing professional corporations, as they appear in applicable
20 provisions of the Business and Professions Code, upon specialized
21 health care service plans.

22 (g) No representative of a participating health, dental, or vision
23 plan or its subcontractor representative shall in any manner use
24 false or misleading claims to misrepresent itself, the plan, the
25 subcontractor, or the Healthy Families *Program* or Medi-Cal
26 program while engaging in application assistance activities that
27 are subject to this section. Notwithstanding any other provision of
28 this chapter, ~~any~~ a representative of the health, dental, or vision
29 care plan or of the health, dental, or vision care plan’s subcontractor
30 who violates any of the provisions of Section 12693.325 of the
31 Insurance Code shall only be subject to a fine of five hundred
32 dollars (\$500) for each of those violations.

33 (h) A health care service plan shall comply with Section
34 12693.325 of the Insurance Code and Section 14409 of the Welfare
35 and Institutions Code. In addition to any other disciplinary powers
36 provided by this chapter, if a health care service plan violates any
37 of the provisions of Section 12693.325 of the Insurance Code, the
38 department may prohibit the health care service plan from
39 providing application assistance and contacting applicants pursuant
40 to Section 12693.325 of the Insurance Code.

1 SEC. 2. No reimbursement is required by this act pursuant to
2 Section 6 of Article XIII B of the California Constitution because
3 the only costs that may be incurred by a local agency or school
4 district will be incurred because this act creates a new crime or
5 infraction, eliminates a crime or infraction, or changes the penalty
6 for a crime or infraction, within the meaning of Section 17556 of
7 the Government Code, or changes the definition of a crime within
8 the meaning of Section 6 of Article XIII B of the California
9 Constitution.

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