

AMENDED IN ASSEMBLY JUNE 3, 2010
AMENDED IN SENATE JANUARY 11, 2010
AMENDED IN SENATE MAY 5, 2009
AMENDED IN SENATE APRIL 2, 2009

SENATE BILL

No. 56

Introduced by Senator Alquist

January 20, 2009

An act to add Article 2.82 (commencing with Section 14087.98) to Chapter 7 of Part 3 of Division 9 of the Welfare and Institutions Code, relating to health plans.

LEGISLATIVE COUNSEL'S DIGEST

SB 56, as amended, Alquist. Health plans: joint ventures.

Existing law creates various health benefits programs administered by the State Department of Health Care Services. Existing law, the Knox-Keene Health Care Services Plan Act of 1975, administered by the ~~Managed Risk Medical Insurance Board~~ *Department of Managed Health Care*, provides for the licensure and regulation of health care service plans.

This bill would authorize certain county-organized health plans and various other health benefits programs to form joint ventures ~~to create integrated networks of public health plans that~~ *that consist of contractual relationships to pool risk and or share networks, or both, or to provide for the joint or coordinated offering of health plans to individuals and groups.* The bill would require all joint ventures ~~and health care networks~~ established pursuant to the aforementioned provisions to meet all of the requirements of the Knox-Keene Health Care Service Plan Act of 1975.

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

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

1 SECTION 1. (a) The Legislature finds and declares as follows:
2 (1) Due to the economic downturn, hundreds of thousands of
3 Californians are joining the ranks of the uninsured or are looking
4 to publicly financed programs for their health care coverage.
5 (2) Compared to persons with health care coverage, the
6 uninsured are less likely to have a regular source of care, are likely
7 to delay seeing a doctor, and are less likely to receive preventive
8 health care services.
9 (3) Based on recent data collected by the Kaiser Family
10 Foundation, health care costs continue to rise at a faster rate than
11 general inflation and average wage growth.
12 (4) President Obama and the Congress of the United States have
13 pledged to seek the adoption of major health care reforms at the
14 national level, which are likely to include, at a minimum, additional
15 funding for states as well as increased flexibility for states in how
16 they administer their health care systems.
17 (5) There is a continuing need for affordable health coverage
18 options for California’s uninsured population, particularly those
19 with limited incomes and those who do not receive health coverage
20 through their employment or the employment of a family member.
21 (6) Due to their structure and design, county local initiative
22 health plans and county-organized health systems have the potential
23 to offer affordable health coverage in the individual and group
24 markets.
25 (7) Joint ventures involving local initiative health plans and
26 county-organized health systems may be a particularly promising
27 means of providing affordable coverage in many regions of the
28 state.
29 (b) In light of these findings, it is the intent of the Legislature
30 that representatives of local initiative health plans,
31 county-organized health systems, and consumer, labor, and
32 provider groups hold stakeholder discussions for the purposes of
33 facilitating establishment of affordable health coverage options in
34 the individual and group markets.

1 SEC. 2. Article 2.82 (commencing with Section 14087.98) is
2 added to Chapter 7 of Part 3 of Division 9 of the Welfare and
3 Institutions Code, to read:

4
5 Article 2.82. Health Plan Joint Ventures
6

7 14087.98. (a) ~~Health plans~~ *A health plan that* ~~are~~ *is* governed,
8 owned, or operated by a county board of supervisors, a county
9 special commission, a county-organized health system, or a county
10 health authority that ~~are~~ *is* authorized by Section 14018.7,
11 14087.31, 14087.35, 14087.36, 14087.38, Article 2.8 (commencing
12 with Section 14087.5), Article 2.81 (commencing with Section
13 14087.96), or Chapter 3 (commencing with Section 101675) of
14 Part 4 of Division 101 of the Health and Safety Code, or the County
15 Medical Services Program, may form joint ventures ~~to create~~
16 ~~integrated networks of public health plans that pool risk and share~~
17 ~~networks or to provide~~ for the joint or coordinated offering of
18 health plans to individuals and groups.

19 (b) *For purposes of this section, the joint ventures may consist*
20 *of either of the following:*

21 (1) *Contractual relationships entered into in order to pool risk*
22 *or share networks, or both.*

23 (2) *Contractual relationships entered into in order to provide*
24 *for the joint offering or marketing of health plans to individuals*
25 *and groups.*

26 (c) In forming joint ventures, participating health plans shall
27 seek to contract with designated public hospitals, county health
28 clinics, community health centers, and other traditional safety net
29 providers.

30 ~~(e) All joint ventures and health care networks established~~

31 (d) *All joint ventures established pursuant to this section shall*
32 *meet all the requirements of the Knox-Keene Health Care Service*
33 *Plan Act of 1975 (Chapter 2.2 (commencing with Section 1340)*
34 *of Division 2 of the Health and Safety Code).*