

AMENDED IN SENATE APRIL 3, 2013
AMENDED IN SENATE MARCH 18, 2013

SENATE BILL

No. 266

Introduced by Senator Lieu

February 13, 2013

An act to add Section 687 to the Business and Professions Code, and to add Section 1250.04 to the Health and Safety Code, relating to health care coverage.

LEGISLATIVE COUNSEL'S DIGEST

SB 266, as amended, Lieu. Health care coverage: out-of-network coverage.

Existing law provides for the licensure and regulation of health care practitioners by various healing arts boards within the Department of Consumer Affairs. Existing law also provides for the licensure and regulation of health facilities by the State Department of Public Health. A violation of these provisions is a crime.

This bill would prohibit ~~a health facility or a provider group or clinic, as defined, from holding itself out as being stating, verbally or in writing, that it is~~ within a plan network or a provider network unless all of the individual providers providing services ~~at the facility or with the provider group or clinic~~ are within the plan network or provider network, ~~or the provider group acknowledges to the patient in writing or verbally that individual providers within the provider group may be outside the patient's plan network or provider network and the network.~~ *The bill would require a provider group recommends or clinic to recommend* that the patient contact his or her health care service plan or health insurer for information about providers who are within the

patient's plan network or provider network. Those provisions would not apply to emergency services and care. ~~By~~

This bill would also require a hospital, before providing nonemergency services and care, to provide a specified written notice to the patient stating that individual providers providing services within the hospital may not be in the patient's plan network or provider network, except as specified. By expanding the scope of a crime, this 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 687 is added to the Business and
2 Professions Code, to read:

3 687. (a) (1) A provider group *or clinic* shall not ~~hold itself~~
4 ~~out as being state, verbally or in writing, that it is within a patient's~~
5 ~~plan network or a provider network unless one of the following~~
6 ~~applies:~~

7 ~~(1) All~~ all of the individual providers providing services with
8 the provider group *or clinic* are within that plan network or
9 provider network.

10 (2) ~~The provider group acknowledges to the patient in writing~~
11 ~~or verbally that individual providers within the provider group~~
12 ~~may be outside the patient's plan network or provider network and~~
13 ~~the provider group recommends or clinic shall recommend~~ that
14 the patient contact his or her health care service plan or health
15 insurer for information about providers who are within the patient's
16 plan network or provider network.

17 (b) For purposes of this section, the following definitions shall
18 apply:

19 (1) ~~“Hold itself out” means advertise, refer to, use materials to~~
20 ~~indicate, let itself be known, assume the appearance of, act as if it~~
21 ~~is by claiming or presenting to accept payments from, or represent~~
22 ~~itself as continuing to be in.~~

1 (1) “Clinic” means a surgical center as defined in paragraph
2 (1) of subdivision (b) of Section 1204 of the Health and Safety
3 Code, an outpatient setting as defined in paragraph (1) of
4 subdivision (b) of Section 1248 of the Health and Safety Code, or
5 an ambulatory surgical center certified to participate in the
6 Medicare Program under Title XVIII of the federal Social Security
7 Act (42 U.S.C. Sec. 1395 et seq.).

8 (2) “Plan network” means any entity, group of providers, or
9 individual providers contracted with a preferred provider
10 organization plan contract or point-of-service plan contract.

11 (3) “Provider network” means any entity, group of providers,
12 or provider—~~contracted~~ contracted with a preferred provider
13 organization health insurance policy.

14 (4) “Provider group” means a medical group, independent
15 practice association, or any other similar organization.

16 (c) This section shall not apply to emergency services and care.

17 SEC. 2. Section 1250.04 is added to the Health and Safety
18 Code, to read:

19 ~~1250.04. (a) A health facility shall not hold itself out as being~~
20 ~~within a plan network or a provider network unless one of the~~
21 ~~following applies:~~

22 ~~(1) All of the individual providers providing services within the~~
23 ~~health facility are within that plan network or provider network.~~

24 *1250.04. (a) (1) Prior to providing nonemergency services*
25 *and care to a patient, a hospital shall provide a written notice to*
26 *the patient stating that individual providers providing services*
27 *within the hospital may not be in the patient’s plan network or*
28 *provider network.*

29 ~~(2) The health facility acknowledges to the patient in writing~~
30 ~~or verbally that individual providers providing services within the~~
31 ~~health facility may be outside the patient’s plan network or provider~~
32 ~~network and the health facility recommends hospital notice shall~~
33 ~~recommend that the patient contact his or her health care service~~
34 ~~plan or health insurer for information about providers who are~~
35 ~~within the patient’s plan network or provider network.~~

36 (b) For purposes of this section, the following definitions shall
37 apply:

38 (1) ~~“Health facility”~~ *“Hospital”* means a ~~health facility general~~
39 *acute care hospital* as defined in subdivision (a) of Section 1250.

1 (2) ~~“Hold itself out” means advertise, refer to, use materials to~~
2 ~~indicate, let itself be known, assume the appearance of, act as if it~~
3 ~~is by claiming or presenting to accept payments from, or represent~~
4 ~~itself as continuing to be in.~~

5 (3)

6 (2) “Plan network” means any entity, group of providers, or
7 individual providers contracted with a preferred provider
8 organization plan contract or point-of-service plan contract.

9 (4) ~~Provider~~

10 (3) “*Provider network*” means any entity, group of providers,
11 or provider ~~contacted~~ *contracted* with a preferred provider
12 organization health insurance policy.

13 (c) This section shall not apply to emergency services and care.

14 (d) *This section shall not apply if all of the providers providing*
15 *services within the hospital are within the same plan network or*
16 *provider network as the hospital.*

17 SEC. 3. No reimbursement is required by this act pursuant to
18 Section 6 of Article XIII B of the California Constitution because
19 the only costs that may be incurred by a local agency or school
20 district will be incurred because this act creates a new crime or
21 infraction, eliminates a crime or infraction, or changes the penalty
22 for a crime or infraction, within the meaning of Section 17556 of
23 the Government Code, or changes the definition of a crime within
24 the meaning of Section 6 of Article XIII B of the California
25 Constitution.