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INSURANCE CODE - INS

DIVISION 2. CLASSES OF INSURANCE [1880 - 12880.8] (*Division 2 enacted by Stats. 1935, Ch. 145.)*

PART 2. LIFE AND DISABILITY INSURANCE [10110 - 11549] (*Part 2 enacted by Stats. 1935, Ch. 145.)*

CHAPTER 9. The Private Health Care Voluntary Purchasing Alliance Act [10800 - 10887] (*Chapter 9 added by Stats. 1996, Ch. 916, Sec. 1.)*

ARTICLE 6. Participating Carriers [10850 - 10856] (*Article 6 added by Stats. 1996, Ch. 916, Sec. 1.)*

10850. (a) In order to be eligible to be a participating carrier, a carrier shall demonstrate the following operating characteristics satisfactory to the board:

- (1) Be licensed and approved as a carrier and in good standing with the appropriate regulatory authority.
- (2) The ability to provide data required by the board, including information on enrollee satisfaction based on standard surveys, as may be prescribed, and to meet reasonable satisfaction measures as may be established.
- (3) The ability to provide standard data elements in a manner prescribed by the board.
- (4) All other criteria established by the board.

(b) Carriers that contract with or employ health care providers shall have mechanisms to accomplish all of the following in a manner satisfactory to the purchasing alliance, provided that the requirements of the alliance do not conflict with the carrier's licensing requirements:

- (1) Review the quality of care covered.
- (2) Review the appropriateness of care covered.
- (3) Provide accessible health care services.

(c) In evaluating which carriers may participate in the purchasing alliance, the board shall consider all of the following:

- (1) Minimum geographic service and participation requirements, maximum thresholds for premium rates, and standards for determining whether a carrier operates efficiently.
- (2) The ability of a carrier to provide services within the purchasing alliance service regions.
- (3) Pricing and the competitiveness of each bid from a carrier.

(*Added by Stats. 1996, Ch. 916, Sec. 1. Effective January 1, 1997.*)

10851. Every participating carrier shall:

- (a) Meet the standards established by the board pursuant to this chapter.
- (b) Provide any data required by the board.
- (c) Comply with, all applicable laws and regulations that regulate health care coverage or medical benefits provided to employers, including, with respect to coverage that is provided to small employers, Chapter 8 (commencing with Section 10700) for insurers and Article 3.1 (commencing with Section 1357) of Chapter 2.2 of Division 2 of the Health and Safety Code for health care service plans. However, a carrier contracting to participate in a purchasing alliance shall be deemed to be in compliance with the requirements for small employers of subdivision (a) of Section 1357.03 of the Health and Safety Code and of subdivisions (b) and (c) of Section

10705 for a benefit plan design offered through the purchasing alliance in those service regions in which the carrier participates in the purchasing alliance and the benefit plan design is offered exclusively through the purchasing alliance.

(d) Comply with all rules and regulations regarding the application of risk adjustment factors to standard risk rates for small employers as specified in subdivisions (a) and (b) of Section 1357.12 of the Health and Safety Code and subdivisions (a) and (b) of Section 10714 of this code. A participating carrier shall also comply with the requirements that coverage be issued to small employers on a guaranteed issue basis as is specified in subdivision (a) of Section 1357.03 of the Health and Safety Code and subdivision (b) of Section 10705 of this code for small employers.

(e) All participating medical carriers shall, in determining small employer rates for health benefit plans offered through a purchasing alliance, use the six service regions established by this chapter in determining risk categories for standard employee risk rates.

(f) Enroll and disenroll individuals as directed by the purchasing alliance or its designee.

(g) Comply with any other requirement established by the board pursuant to this chapter.

(Added by Stats. 1996, Ch. 916, Sec. 1. Effective January 1, 1997.)

10853. In contracts with participating carriers, the purchasing alliance may establish performance standards for specific contractual elements and penalties for failure to fulfill specific contractual obligations.

(Added by Stats. 1996, Ch. 916, Sec. 1. Effective January 1, 1997.)

10854. Nothing in this chapter shall prohibit a participating carrier from contracting with particular health care providers or types, classes, or categories of health care providers or setting reimbursement methodology.

(Added by Stats. 1996, Ch. 916, Sec. 1. Effective January 1, 1997.)

10855. In the event the participating carrier elects to terminate its participating agreement with a purchasing alliance, the participating carrier shall do both of the following:

(a) Provide advance notice of its decision to the board.

(b) Provide notice of the decision at least 180 days prior to the nonrenewal of any health benefit plan or ancillary benefit plan to employers or small employers and enrollees.

A participating carrier that elects not to renew a health benefit plan with a purchasing alliance shall be prohibited from writing new business through the purchasing alliance for a period of three years from the date of the notice to the purchasing alliance or until the purchasing alliance, with the concurrence of the commissioner, invites the former participating carrier to renew participation, whichever is sooner.

(Added by Stats. 1996, Ch. 916, Sec. 1. Effective January 1, 1997.)

10856. Nothing in this article shall be construed to limit the existing regulatory authority of the Department of Managed Health Care to regulate health care service plans or of the Department of Insurance to regulate disability or life insurers or hospital service plans. None of the requirements of this article shall conflict with the participating carrier's licensing requirements.

(Amended by Stats. 2000, Ch. 857, Sec. 72. Effective January 1, 2001.)