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**AB-2674 Health care service plans: disciplinary actions.** (2017-2018)

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Date Published: 09/07/2018 09:00 PM

**Assembly Bill No. 2674**

**CHAPTER 303**

An act to amend Section 1371.39 of the Health and Safety Code, relating to health care service plans.

[ Approved by Governor September 07, 2018. Filed with Secretary of State September 07, 2018. ]

**LEGISLATIVE COUNSEL'S DIGEST**

AB 2674, Aguiar-Curry. Health care service plans: disciplinary actions.

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. Existing law prohibits a health care service plan from engaging in an unfair payment pattern, as defined, and requires the department to adopt regulations that ensure that plans have adopted a dispute resolution mechanism, as specified.

This bill would require the department to review complaints of unfair payment patterns on or before July 1, 2019, and at least annually thereafter. The bill would authorize the department to conduct an audit or an enforcement action, as specified, if the department determines the complaint review indicates a possible unfair payment pattern.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: no

**THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:**

**SECTION 1.** Section 1371.39 of the Health and Safety Code is amended to read:

**1371.39.** (a) Providers may report to the department through the toll-free provider line, email address, or another method designated by the department, instances in which the provider believes a plan is engaging in an unfair payment pattern.

(b) Plans may report to the department through the toll-free provider line, email address, or another method designated by the department, instances in which the plan believes a provider is engaging in an unfair billing pattern.

(c) "Unfair billing pattern" means engaging in a demonstrable and unjust pattern of unbundling of claims, upcoding of claims, or other demonstrable and unjustified billing patterns, as defined by the department.

(d) On or before July 1, 2019, and at least annually thereafter, the department shall review complaints filed pursuant to subdivision (a). If the review of complaint data indicates a possible unfair payment pattern, the department may conduct an audit or an enforcement action pursuant to subdivision (s) of Section 1300.71 of Title 28 of the California Code of Regulations.