

1300.45 Definitions

In addition to the definitions contained in Section 1345 of the Act, the following definitions apply to the interpretation of these rules and the Act:

(a)

"Act" means the Knox-Keene Health Care Service Plan Act of 1975.

(b)

"Advertisement" includes the disclosure form required pursuant to Section 1363 of the Act.

(c)

(1) An "affiliate" of a person is a person controlled by, under common control with, or controlling such person. (2) A person's relationship with another person is that of an "affiliated person" if such person is, as to such other person, a director, trustee or a member of its executive committee or other governing board or committee, or that of an officer or general partner, or holds any other position involving responsibility and authority similar to that of a principal officer or general partner; or who is the holder of 5% or more of its outstanding equity securities; or who has any such relationship with an affiliate of such person. An affiliate is also an affiliated person.

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(d)

The term "control" (including the terms "controlling," "controlled by" and "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting shares, debt, by contract, or otherwise.

(e)

The term "certified" or "audited," when used in regard to financial statements, means examined and reported upon with an opinion expressed by an independent public or certified public accountant.

(f)

"Code" means the California Health and Safety Code.

(g)

"Copayment" means an additional fee charged to a subscriber or enrollee which is approved by the Director, provided for in the plan contract and disclosed in the evidence of coverage or the disclosure form used as the evidence of coverage.

(h)

"Department" means the California Department of Managed Health Care.

(i)

"Facility" means (1) any premises owned, leased, used or operated directly or indirectly by or for the benefit of a plan or any affiliate thereof, and (2) any premises maintained by a provider to provide services on behalf of a plan.

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(j)

"Family unit" means a unit composed of a subscriber and each person whose eligibility for benefits is based upon such person's relationship with, or dependency upon, such subscriber.

(k)

"Hospital based plan" means a health care service plan which owns, operates or is affiliated with a hospital as an integral part of delivering health care services.

(l)

"Material": A factor is "material" with respect to a matter if it is one to which a reasonable person would attach importance in determining the action to be taken upon the matter.

(m)

"Primary care physician" means a physician who has the responsibility for providing initial and primary care to patients, for maintaining the continuity of patient care, or for initiating referral for specialist care. A primary care physician may be either a physician who has limited his practice of medicine to general practice or who is a board-certified or board-eligible internist, pediatrician, obstetrician-gynecologist, or family practitioner.

(n)

"Principal creditor" means (1) a person who has loaned funds to another for the operation of such other person's business, and (2) a person who has, directly or indirectly, 20 percent or more of the outstanding debts of a person.

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(o)

"Principal officer" means a president, vice-president, secretary, treasurer or chairman of the board of a corporation, a sole proprietor, the managing general partner of a partnership, or a person having similar responsibilities or functions.

(p)

"Surcharge" means an additional fee which is charged to a subscriber or enrollee for a covered service but which is not approved by the Director, provided for in the plan contract and disclosed in the evidence of coverage or the disclosure form used as the evidence of coverage.

(q)

The term "generally accepted accounting principles," when used in regard to financial statements, assets, liabilities and other accounting items, means generally accepted accounting principles as used by business enterprises organized for profit. Accordingly, Financial Accounting Standards Board statements, Accounting Principles Board opinions, accounting research bulletins and other authoritative pronouncements of the accounting profession should be

applied in determining generally accepted accounting principles unless such statements, opinions, bulletins and pronouncements are inapplicable. Section 510.05 of the AICPA Professional Standards, in and of itself, shall not be sufficient reason for determining inapplicability of statements, opinions, bulletins and pronouncements.