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Title 28@ Managed Health Care

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Division 1@ The Department of Managed Health Care

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Chapter 2@ Health Care Service Plans

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Article 3@ Plan Applications and Amendments

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Section 1300.52.4@ Standards for Amendments and Notices of Material Modification

1300.52.4 Standards for Amendments and Notices of Material Modification

Notwithstanding anything to the contrary in Sections 1300.52 , 1300.52.1 , 1300.52.2 , and 1300.52.3 , the following standards shall apply to amendments and notices of material modification to a plan license application once a health care service plan has been issued its license. These standards shall apply to full-service health care service plans and specialized health care service plans.

(a)

General Statement of Requirements. (i) If a plan makes a change that (A) constitutes an amendment to its plan license application and (B) is not listed in subsection (d) of this Section 1300.52.4, then the plan shall file an amendment with the Department. If the plan makes a change that is listed in subsection (d) of this Section 1300.52.4, then the plan shall file a notice of material modification with the Department. (ii) The plan shall include in any amendment or notice of material modification any document or other information specifically required by one of the items set forth in Section 1300.51, which is pertinent to the amendment or material modification. Other information may be required if it is determined by the Department to be necessary in order to make a finding under the Act that the amendment or material modification is in the public interest and consistent with the intent and purpose of the Act.

(i)

If a plan makes a change that (A) constitutes an amendment to its plan license application and (B) is not listed in subsection (d) of this Section 1300.52.4, then the plan shall file an amendment with the Department. If the plan makes a change that is listed in subsection (d) of this Section 1300.52.4, then the plan shall file a notice of material modification with the Department.

(ii)

The plan shall include in any amendment or notice of material modification any document or other information specifically required by one of the items set forth in Section 1300.51, which is pertinent to the amendment or material modification. Other information may be required if it is determined by the Department to be necessary in order to make a finding under the Act that the amendment or material modification is in the public interest and consistent with the intent and purpose of the Act.

(b)

Specific Standards for Amendments. (i) (A) In the event of any change to one or more of the items specified in Section 1351 of the Act, the plan shall file an amendment to its plan license application within 30 days after the plan implements that change, unless the change requires the filing of an amendment pursuant to clause (ii) of this subsection (b) or a notice of material modification pursuant to subsection (d) of this Section 1300.52.4. A change that is the subject of an amendment required to be filed pursuant to this subsection shall become effective on the date implemented. (B) Notwithstanding the immediately subsection (b)(i)(A) of Section 1300.52.4: (I) if the plan has not been continuously licensed under the Act for the preceding 18 months and has not had group contracts in effect at all times during that period, then, to the extent the amendment includes any new or modified plan contract, disclosure form, or evidence of coverage, the change shall not be effective until 30 calendar days

after the date the amendment was filed with the Department; and (II) to the extent the amendment includes any new or modified plan contract, disclosure form, or evidence of coverage that relates to an individuals health care service plan contract, the change shall not be effective until 30 calendar days after the date the amendment was filed with the Department. (ii) In the event of any change described in Section 1352(c) of the Act, the plan shall file an amendment in accordance with the requirements of Section 1300.52.2. A change that is the subject of an amendment required to be filed pursuant to this subsection (b)(ii) shall be effective on the date implemented.

(i)

(A) In the event of any change to one or more of the items specified in Section 1351 of the Act, the plan shall file an amendment to its plan license application within 30 days after the plan implements that change, unless the change requires the filing of an amendment pursuant to clause (ii) of this subsection (b) or a notice of material modification pursuant to subsection (d) of this Section 1300.52.4. A change that is the subject of an amendment required to be filed pursuant to this subsection shall become effective on the date implemented. (B) Notwithstanding the immediately subsection (b)(i)(A) of Section 1300.52.4: (I) if the plan has not been continuously licensed under the Act for the preceding 18 months and has not had group contracts in effect at all times during that period, then, to the extent the amendment includes any new or modified plan contract, disclosure form, or evidence of coverage, the change shall not be effective until 30 calendar days after the date the amendment was filed with the Department; and (II) to the extent the amendment includes any new or modified plan contract, disclosure form, or evidence of coverage that relates to an individuals health care service plan contract, the change shall not be effective until 30 calendar days after the date the amendment was filed with the Department.

(A)

In the event of any change to one or more of the items specified in Section 1351 of the Act, the plan shall file an amendment to its plan license application within 30 days after the plan implements that change, unless the change requires the filing of an amendment pursuant to clause (ii) of this subsection (b) or a notice of material modification pursuant to subsection (d) of this Section 1300.52.4. A change that is the subject of an amendment required to be filed pursuant to this subsection shall become effective on the date implemented.

(B)

Notwithstanding the immediately subsection (b)(i)(A) of Section 1300.52.4: (I) if the plan has not been continuously licensed under the Act for the preceding 18 months and has not had group contracts in effect at all times during that period, then, to the extent the amendment includes any new or modified plan contract, disclosure form, or evidence of coverage, the change shall not be effective until 30 calendar days after the date the amendment was filed with the Department; and (II) to the extent the amendment includes any new or modified plan contract, disclosure form, or evidence of coverage that relates to an individuals health care service plan contract, the change shall not be effective until 30 calendar days after the date the amendment was filed with the Department.

(I)

if the plan has not been continuously licensed under the Act for the preceding 18 months and has not had group contracts in effect at all times during that period, then, to the extent the amendment includes any new or modified plan contract, disclosure form, or evidence of coverage, the change shall not be effective until 30 calendar days after the date the amendment was filed with the Department; and

(II)

to the extent the amendment includes any new or modified plan contract, disclosure form, or evidence of coverage that relates to an individuals health care service plan contract, the change

shall not be effective until 30 calendar days after the date the amendment was filed with the Department.

(ii)

In the event of any change described in Section 1352(c) of the Act, the plan shall file an amendment in accordance with the requirements of Section 1300.52.2. A change that is the subject of an amendment required to be filed pursuant to this subsection (b)(ii) shall be effective on the date implemented.

(c)

Limited Enforcement or Disciplinary Action in Specified Circumstances Regarding Amendments. If the Department does not provide objections to a plan with regard to an amendment within 30 days after the plan files the amendment, the Department may require the plan to make changes to comply with the Act and the rules adopted under the Act. The Department shall not take any disciplinary action or begin any other enforcement action against the plan with regard to the implementation of the changes described in the amendment, unless the material or any portion of the material was previously disapproved or otherwise objected to in writing by the Director or the plan knew or should have known that the material or any portion of the material violated any provision of the Act or the rules promulgated thereunder.

(d)

Specific Standards for Notices of Material Modification. If a plan proposes to make any of the following changes, the plan shall file a notice of material modification with the Department. (i) An expansion, or a contraction or reduction, of the plan's approved service area. (ii) The offering of a new health care service plan contract by the plan in any service area if the plan proposes to use a network of providers that is materially different from the network used for any other plan

contract currently being offered by the plan. (iii) A merger, consolidation, acquisition of a controlling interest, or sale of the plan or of all or substantially all of the assets of the plan, directly, or indirectly. (iv) The plan's initial offering of a plan contract for small employers, which requires the filing of a notice of material modification pursuant to Section 1357.15 of the Act. A subsequent change with regard to the plan's small employer plan contracts shall be filed as an amendment pursuant to subsection (b) of this Section 1300.52.4, unless the change otherwise would require the filing of a notice of material modification. (v) The plan's initial offering of a point-of-service contract, which requires the filing of a notice of material modification pursuant to Section 1374.69 of the Act. A subsequent change with regard to the plan's point-of-service plan contracts shall be filed as an amendment pursuant to subsection (b) of this Section 1300.52.4 unless the change otherwise would require the filing of a notice of material modification. (vi) A change of plan name, which requires the filing of a notice of material modification pursuant to Section 1300.66. (vii) A change that would have a material effect on the plan or on its health care service plan operations.

(i)

An expansion, or a contraction or reduction, of the plan's approved service area.

(ii)

The offering of a new health care service plan contract by the plan in any service area if the plan proposes to use a network of providers that is materially different from the network used for any other plan contract currently being offered by the plan.

(iii)

A merger, consolidation, acquisition of a controlling interest, or sale of the plan or of all or substantially all of the assets of the plan, directly, or indirectly.

(iv)

The plan's initial offering of a plan contract for small employers, which requires the filing of a notice of material modification pursuant to Section 1357.15 of the Act. A subsequent change with regard to the plan's small employer plan contracts shall be filed as an amendment pursuant to subsection (b) of this Section 1300.52.4, unless the change otherwise would require the filing of a notice of material modification.

(v)

The plan's initial offering of a point-of-service contract, which requires the filing of a notice of material modification pursuant to Section 1374.69 of the Act. A subsequent change with regard to the plan's point-of-service plan contracts shall be filed as an amendment pursuant to subsection (b) of this Section 1300.52.4 unless the change otherwise would require the filing of a notice of material modification.

(vi)

A change of plan name, which requires the filing of a notice of material modification pursuant to Section 1300.66.

(vii)

A change that would have a material effect on the plan or on its health care service plan operations.