

**§ 1300.51.3. Preparation and Amendment of Application for License
As a Health Care Service Plan Under Section 1300.51.**

(a) General Instructions.

(1) Type the information requested in the English language using black ribbon.

(2) Complete each item on the application, and type “N/A” in the right hand margin for those items which are not applicable.

(3) Number each exhibit as specified in the item to which the exhibit responds. If several exhibits are required under the same letter/number designation, add a sequential letter or roman numeral as indicated in the following example. Example: If Item Q-1 calls for copies of the specified documents, an applicant employing three different documents would label them as follows: Exhibit Q-1-a; Exhibit Q-1-b; Exhibit Q-1-c.

(4) Arrange all exhibits in sequential order. Attach a “tab” to the right margin of the first page of each major exhibit or series of exhibits to facilitate ready reference.

(5) Submit originals only when requested. Otherwise, submit clearly legible mechanical reproductions.

(6) Submit requested information as an exhibit if the space provided in the application form itself is insufficient. Use the procedure detailed in Item (3), above, to indicate the exhibit number.

(7) Submit three complete copies of the original license application and each amendment submitted prior to licensure to the Department’s Sacramento Office to the attention of the Health Plan Division Filing Clerk.

(b) Amendment of an Application.

(1) An amendment to application either before or after issuance of a license must comply with Rule 1300.52. However, Rules 1300.52.1 and 1300.52.2 apply only after an applicant has been licensed.

(c) Updating Application Prior to Licensure. In addition to complying with Rule 1300.52, an amendment to a pending application shall comply with the following:

(1) Material changes (see Rule 1300.45(1)) to information previously submitted in connection with an application (as amended to date) shall be submitted as an amendment to the license application immediately, except as provided in subsection (f) of Rule 1300.52.

(2) Nonmaterial changes to the information previously submitted in connection with an application (as amended to date) may be accumulated and shall be submitted as an amendment to the license application monthly or within 30 days (or other period requested by the Director) of each such change.

(3) Financial statements and calculations of tangible net equity previously submitted in connection with an application (as amended to date) shall be

updated to an amendment to the license application which shall consist of quarterly financial statements (see Rule 1300.84.2a(1), (2), and (3)) and a calculation of applicant's tangible net equity as of the closing date of such quarter, and shall be filed within 30 days after the close of each quarter of applicant's fiscal year.

NOTE: Authority cited: Section 1344, Health and Safety Code. Reference: Sections 1351 and 1352, Health and Safety Code.

HISTORY:

1. New section filed 12-17-85; effective thirtieth day thereafter (Register 85, No. 51).
2. Change without regulatory effect amending subsection (a)(7) filed 8-24-92; operative 9-23-92 (Register 92, No. 35).
3. Change without regulatory effect amending subsection (a)(7) filed 4-4-2000 pursuant to section 100, title 1, California Code of Regulations (Register 2000, No. 14).
4. Change without regulatory effect amending subsection (c)(2) filed 7-18-2000 pursuant to section 100, title 1, California Code of Regulations (Register 2000, No. 29).

§ 1300.52. Amendments to Plan Application.

An amendment to a plan application pursuant to subdivision (a) of Section 1352 of the Act shall be filed in the Department's Sacramento Office to the attention of the Health Plan Division Filing Clerk, upon the form contained in Section 1300.51 and shall include an original and two complete copies and comply with the following:

(a) The following portions of the application specified in Rule 1300.51 need not be amended after the issuance of a license:

- Item E Summary of Information in Application
- Item H-2 Map of Service Area.
- Item H-3 Index to Map.
- Item V Advertising.
- Item CC Group Contract Enrollment Projections.
- Item DD Individual Contract Enrollment Projections.
- Item EE Summary of Enrollment Projections.
- Item GG Current Financial Visibility Including Tangible Net Equity.
- Item HH Projected Financial Viability.

(b) The amendment must be accompanied by a copy of the Execution Page of the application, and all portions of those pages must be completed.

(c) Attach to the Execution Page only those pages of the application and/or those exhibits which are changed by the amendment.

(d) If a page of the application is amended, complete all items on that page and "redline" or otherwise clearly designate the changed item.

(e) If an exhibit, other than a list required by Item 13A, 13C or 24D of the old application form or Item I-1, I-2 or I-3 of the new application is being amended.

(1) Furnish the complete exhibit as amended, bearing the same number as the original exhibit, with the changed portions of the exhibit "redlined" or otherwise clearly designated, or

(2) Furnish the pages of the exhibit which are amended, each page to be marked with the exhibit number and the page number of the exhibit, and with the changed portions "redlined" or otherwise clearly designated. If this method of amendment is employed, the applicant shall refile the entire exhibit as amended whenever more than 10% of its pages have been amended or promptly upon the request of the Director.

(f) A list furnished pursuant to Items 13A, 13C or 24D of the old application or Item I-1, I-2 or I-3 of the new application need be amended only when 10 percent or more of the names contained in the list for a service area have been changed. When amended, the complete list (or the list for the service area) shall

be furnished following the instructions for the particular item, with each added item “redlined” and the names of persons deleted from the list shown at the end under the heading “deletions.”

NOTE: Authority cited: Section 1344, Health and Safety Code. Reference: Sections 1351, 1351.1, 1352, 1359, 1363, 1367, 1367.2, 1367.3, 1367.5, 1367.6, 1367.7, 1367.8, 1367.9, 1367.15, 1368, 1369, 1370, 1370.1, 1373, 1373.1, 1373.2, 1373.4, 1373.5, 1373.6, 1373.7, 1373.8, 1374, 1374.7, 1374.10, 1374.11, 1374.12, 1375.1, 1376, 1377, 1378, 1386, 1399.52 and 1399.63, Health and Safety Code.

HISTORY:

- 1. Amendment filed 12-17-85; effective thirtieth day thereafter (Register 85, No. 51).
- 2. Change without regulatory effect amending first paragraph filed 8-24-92; operative 9-23-92 (Register 92, No. 35).
- 3. Change without regulatory effect amending first paragraph filed 4-4-2000 pursuant to section 100, title 1, California Code of Regulations (Register 2000, No. 14).
- 4. Change without regulatory effect amending subsection (e)(2) filed 7-18-2000 pursuant to section 100, title 1, California Code of Regulations (Register 2000, No. 29).

§ 1300.52.1. Notice of Material Modification.

A notice of material modification of its operations or of any plan contract pursuant to subdivision (b) of Section 1352 of the Act shall be filed as an amendment to the application as provided in Section 1300.52, and there shall be attached to such amendment, preceding the Execution Page, the following form:

DEPARTMENT OF MANAGED HEALTH CARE
STATE OF CALIFORNIA
NOTICE OF MATERIAL MODIFICATION

Pursuant to Health and Safety Code Sec. 1352(b)

1. Name of applicant: _____

2. Department of Managed Health Care File Number: _____

3. The fee for filing this application will be forwarded upon receipt of the billing therefore from the Director of the Department of Managed Health Care, pursuant to Health and Safety Code Section 1352(d) or pursuant to Section 1399.73 if this application involves a conversion or restructuring.

4. Pursuant to Subdivision (b) of Section 1352 of the Health and Safety Code, applicant requests approval of the material modification of its plan and/or operations, within the time specified below:

(Check appropriate box)

() Within the 20 business-day period provided in Section 1352(b).

() Applicant extends the time for action upon this notice by the Director until _____

() Applicant requests accelerated approval by the Director for the following reasons:

5. Conversion or Restructuring. If this application involves a conversion or restructuring, the applicant shall fully disclose information which describes the proposed transaction and demonstrates how the charitable trust requirements of Section 1399.72(c) of the Act will be satisfied. In addition, the applicant shall submit a copy of all of its original and amended articles of incorporation

and bylaws, and a report as described in Section 1399.70(a) of the Act. If this application involves a restructuring, the applicant shall also submit a public benefit program as described in Section 1399.71(b) of the Act.

6. Exempt Restructuring Transaction. If this application involves a transaction or transactions described in Section 1399.71(e) of the Act, the applicant shall fully disclose information which describes the transaction or transactions and demonstrates how the applicable conditions of exemption of Section 1399.71(e) of the Act will be satisfied.

7. Nonprofit Mutual Benefit Health Care Service Plans.

a. Assets subject to a charitable trust obligation. If this application involves a conversion or restructuring of a nonprofit mutual benefit health care service plan with any or all of its assets subject to a charitable trust obligation, the applicant shall submit information pursuant to Item 5 or Item 6 above and, if applicant believes that partial assets are subject to a charitable trust obligation, the applicant shall fully disclose information which: (i) describes why less than all of its assets are not subject to any charitable trust obligation, (ii) explains whether any charitable trust obligation terminated for any assets previously held subject to a charitable trust obligation, and (iii) demonstrates how every noncharitable trust obligation will be satisfied.

b. Assets not subject to a charitable trust obligation. An applicant that is a nonprofit mutual benefit health care service plan must comply with Item 7. a. above unless it has established that none of its assets are subject to a charitable trust obligation. If the applicant believes that this application involves a conversion or restructuring of a nonprofit mutual benefit health care service plan with no assets subject to any charitable trust obligation, the applicant shall submit a copy of all its original and amended articles of incorporation and bylaws and fully disclose information which: (i) describes the proposed transaction, (ii) describes why all its assets are not subject to any charitable trust obligation, (iii) explains whether any charitable trust obligation terminated for any assets previously held subject to a charitable trust obligation, and (iv) demonstrates how every noncharitable trust obligation will be satisfied.

Date: _____

Signature of Authorized Officer

Title

NOTE: Authority cited: Sections 1344 and 1399.74, Health and Safety Code. Reference: Sections 1352, 1399.70, 1399.71, 1399.72, 1399.73, 1399.74 and 1399.75, Health and Safety Code.

HISTORY:

1. Amendment of form paragraph 3, new form paragraphs 5 and 6 and new Note filed 6-20-96 as an emergency; operative 6-20-96 (Register 96, No. 25). A Certificate of Compliance must be transmitted to OAL by 10-18-96 or emergency language will be repealed by operation of law on the following day.
2. Amendment of form paragraph 3, new form paragraphs 5 and 6 and new Note refiled 10-15-96 as an emergency; operative 10-18-96 (Register 96, No. 42). A Certificate of Compliance must be transmitted to OAL by 2-12-97 or emergency language will be repealed by operation of law on the following day.
3. Certificate of Compliance as to 10-15-96 order, including new form paragraphs 7.-7.b., transmitted to OAL 2-3-97 and filed 2-24-97 (Register 97, No. 9).
4. Change without regulatory effect amending section filed 7-18-2000 pursuant to section 100, title 1, California Code of Regulations (Register 2000, No. 29).
5. Change without regulatory effect amending section filed 11-21-2002 pursuant to section 100, title 1, California Code of Regulations (Register 2002, No. 47).

§ 1300.52.2. Change in Plan Personnel.

Pursuant to subdivision (c) of Section 1352 of the Act, a plan shall file an amendment to its applications in the form required by Section 1300.52, when there are any of the following changes in personnel of the plan, of any management company of the plan, or of any parent company of such plan or management company:

(a) There is an addition or deletion of a director, trustee, principal officer, general partner, general manager or principal management persons, or persons occupying similar positions or performing similar functions, or a substantial and material change in the duties of any such person.

(b) There is the addition or deletion of a limited partner, shareholder or owner of an equity interest in the plan, whose interest exceeds 5 percent of the total partnership interests, shares or equity interests, or there is a change in the interest of any partner, shareholder or owner of an equity interest exceeding 5 percent of the total partnership interests, shares or equity interests.

(c) There is the addition or deletion of a principal creditor, as defined in Section 1300.45, a material change in the terms of the obligation to a principal creditor, a material increase or decrease in the amount due a principal creditor other than (except in the case of a demand obligation) by the normal terms of the obligation, or a default in the obligation to a principal creditor.

§ 1300.52.3. Filings and Actions Relating to Charitable or Public Activities.

(a) Amendments to a plan application or notices of material modifications filed pursuant to Section 1352 or any other reports or filings under the Act shall not be deemed to be notices or requests for approval or ruling pursuant to Article 2, Part 11, Division 2, Title 1 of the Corporations Code or special reports pursuant to Section 1300.84.7, nor shall any such notices or requests for approval or ruling or special reports be deemed to be amendments to a plan application or notices of material modifications of a plan or its operations pursuant to Section 1352 or other reports or filings under the Act. However, this section shall not prevent a plan from filing notices or requests pursuant to Article 2 (commencing with Section 10820), Part 11, Division 2, Title 1 of the Corporations Code and/or special reports pursuant to Section 1300.84.7 concurrently with materials being filed under Section 1352 and utilizing common exhibits, subject to the provisions of Section 1300.824(c).

(b) Orders and other actions of the Director pursuant to Section 1352 or other provision of the Act, and the effects thereof, are limited to the effects contemplated under the Act and are of no effect or consequence in connection with any other law administered by the Director. Similarly, actions of the Director under any other law are of no effect or consequence in relation to Section 1352 or other provision of the Act.

NOTE: Authority cited: Section 1344, Health and Safety Code. Reference: Section 1352, Health and Safety Code.

HISTORY:

1. New section filed 4-16-82; effective thirtieth day thereafter (Register 82, No. 16).
2. Change without regulatory effect amending subsection (b) filed 7-18-2000 pursuant to section 100, title 1, California Code of Regulations (Register 2000, No. 29).

§ 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.

(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.

(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.

NOTE: Authority cited: Section 1351, Health and Safety Code. Reference: Sections 1352 and 1352.1, Health and Safety Code.

HISTORY:

1. New section filed 11-30-98; operative 11-30-98 pursuant to Government Code section 11343.4(d) (Register 98, No. 49).

2. Change without regulatory effect amending subsection (c) filed 7-18-2000 pursuant to section 100, title 1, California Code of Regulations (Register 2000, No. 29).

ARTICLE 4

Solicitors

Section

1300.57. Solicitor Application.

1300.57.1. Solicitor Firm Application by Person Not Licensed by Insurance Commissioner.

1300.57.2. Amendment to Solicitor Firm Application.

1300.57.3. Fees Payable by Licensed Insurance Agents and Brokers.

1300.57.4. Solicitor Financial Records Authorization.

1300.59. Plan Assurances Prior to Solicitation.

1300.59.1. Examination Fee.

1300.59.2. Waiver of Examination Requirements.

§ 1300.57. Solicitor Application.

NOTE: Authority cited: Section 1344, Health and Safety Code. Reference: Sections 1357 and 1358, Health and Safety Code.

HISTORY:

1. Amendment filed 6-2-78; effective thirtieth day thereafter (Register 78, No. 22).
2. Repealer filed 1-12-83; effective thirtieth day thereafter (Register 83, No. 3).