

Introduced by Senator Hernandez

December 3, 2012

An act ~~relating to health care coverage.~~ *to amend Section 1341.45 of the Health and Safety Code, relating to health.*

LEGISLATIVE COUNSEL'S DIGEST

SB 20, as amended, Hernandez. ~~Health care coverage: basic health program.~~ *Health care: workforce training.*

Existing law provides for the licensure and regulation of health care service plans by the Department of Managed Health Care and imposes certain requirements on health care service plans. Existing law imposes, for certain violations of these provisions, various fines and administrative penalties, which are deposited in the Managed Care Administrative Fines and Penalties Fund. Existing law requires the first \$1,000,000 in the fund to be transferred each year to the Medically Underserved Account for Physicians in the Health Professions Education Fund for purposes of the Steven M. Thompson Physician Corps Loan Repayment Program. Existing law requires all remaining funds to be transferred each year to the Major Risk Medical Insurance Fund for purposes of the Major Risk Medical Insurance Program.

This bill, beginning on the date that the Major Risk Medical Insurance Program becomes inoperative, would instead require all the funds in the Managed Care Administrative Fines and Penalties Fund to be transferred each year to the Medically Underserved Account for Physicians in the Health Professions Education Fund for purposes of the Steven M. Thompson Physician Corps Loan Repayment Program.

The bill would require the Director of Finance to notify the Joint Legislative Budget Committee in that regard.

~~Existing law, the federal Patient Protection and Affordable Care Act (PPACA), requires each state to, by January 1, 2014, establish an American Health Benefit Exchange that makes available qualified health plans to qualified individuals and small employers. PPACA also authorizes the establishment of a basic health program under which a state may, if specified criteria are met, enter into contracts to offer one or more standard health plans providing a minimum level of essential health benefits to eligible individuals instead of offering those individuals coverage through an exchange.~~

~~This bill would state the intent of the Legislature to enact legislation that would establish a basic health program in California as described in PPACA.~~

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 1341.45 of the Health and Safety Code
2 is amended to read:

3 1341.45. (a) There is hereby created in the State Treasury the
4 Managed Care Administrative Fines and Penalties Fund.

5 (b) The fines and administrative penalties collected pursuant to
6 this chapter, on and after the operative date of this section, shall
7 be deposited into the Managed Care Administrative Fines and
8 Penalties Fund.

9 (c) (1) The fines and administrative penalties deposited into
10 the Managed Care Administrative Fines and Penalties Fund shall
11 be transferred by the department, beginning September 1, 2009,
12 and annually thereafter, as follows:

13 (1)

14 (A) The first one million dollars (\$1,000,000) shall be transferred
15 to the Medically Underserved Account for Physicians within the
16 Health Professions Education Fund and shall, upon appropriation
17 by the Legislature, be used for the purposes of the Steven M.
18 Thompson Physician Corps Loan Repayment Program, as specified
19 in Article 5 (commencing with Section 128550) ~~or~~ of Chapter 5
20 of Part 3 of Division 107 and, notwithstanding Section 128555,

1 shall not be used to provide funding for the Physician Volunteer
2 Program.

3 ~~(2)~~

4 (B) Any amount over the first one million dollars (\$1,000,000),
5 including accrued interest, in the fund shall be transferred to the
6 Major Risk Medical Insurance Fund created pursuant to Section
7 12739 of the Insurance Code and shall, upon appropriation by the
8 Legislature, be used for the Major Risk Medical Insurance Program
9 for the purposes specified in Section 12739.1 of the Insurance
10 Code.

11 (C) *Transfers under this paragraph shall cease on the date the*
12 *Managed Risk Medical Insurance Program becomes inoperative.*
13 *The Director of Finance shall notify the Joint Legislative Budget*
14 *Committee at the time the program becomes inoperative.*

15 (2) *Commencing on the date transfers under paragraph (1)*
16 *cease, and annually thereafter, the fines and administrative*
17 *penalties deposited into the Managed Care Administrative Fines*
18 *and Penalties Fund shall be transferred by the department to the*
19 *Medically Underserved Account for Physicians within the Health*
20 *Professions Education Fund and shall, upon appropriation by the*
21 *Legislature, be used for the purposes of the Steven M. Thompson*
22 *Physician Corps Loan Repayment Program, as specified in Article*
23 *5 (commencing with Section 128550) of Chapter 5 of Part 3 of*
24 *Division 107 and, notwithstanding Section 128555, shall not be*
25 *used to provide funding for the Physician Volunteer Program.*

26 (d) Notwithstanding subdivision (b) of Section 1356 and Section
27 1356.1, the fines and administrative penalties authorized pursuant
28 to this chapter shall not be used to reduce the assessments imposed
29 on health care service plans pursuant to Section 1356.

30 ~~SECTION 1. It is the intent of the Legislature to enact~~
31 ~~legislation that would establish the basic health program described~~
32 ~~in Section 1331 of the federal Patient Protection and Affordable~~
33 ~~Care Act (42 U.S.C. Sec. 18051).~~

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