

**DEPARTMENT OF HEALTH SERVICES**

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December 17, 2001

MMCD All-Plan Letter 01007

TO:             County-Organized Health Systems  
                  Geographic Managed Care Plans  
                  Prepaid Health Plans  
                  Two-Plan Model Plans

SUBJECT:    SUMMARY OF 2001 CHAPTERED LEGISLATION IMPACTING  
                 OR OF INTEREST TO MEDI-CAL MANAGED CARE PLANS

The Purpose of this letter is to provide summary information about bills chaptered during 2001 that impact or are of interest to Medi-Cal managed care plans (MCPs). We have enclosed the following:

- **Narrative summary** of chaptered bills, The brief summary of each bill highlights the main provisions of the new law, indicates how Medi-Cal MCPs and other entities are affected, and cites relevant code sections. You may access complete copies of bills through the California State Legislature's website: <http://www.leginfo.ca.gov/billinfo>
- **Impact summary table** indicating the effective date for each bill, affected entities, and plan submissions and contract changes that will be required as a result of the legislation.

Please be advised that the chaptered legislation summarized does not reflect all changes in State law that may affect the business practices or daily operations of contracting MCPs.

Each MCP is responsible for reviewing and analyzing the impact of chaptered legislation on their operations. Contractors are expected to implement statutory changes as required by the effective date of each chaptered bill and should not delay any required operational changes while the Medi-Cal Managed Care Division (MMCD) processes related contract amendments. In addition, MCPs are responsible for compliance with any regulatory requirements that are enforced by other state or federal entities, (See *General Terms and Conditions* of your contract.)



December 17, 2001

MCPs are reminded that your contracts require new or revised reports, policies and procedures, provider directories, member informing materials, and subcontracts to be submitted to the Department of Health Services (DHS). DHS review and approval also may be required before policies and procedures are implemented and revised materials are distributed to enrolled Medi-Cal members. Please refer to your specific contract for approval requirements and time frames.

When necessary, MMCD will issue policy letters to clarify the application of some new laws to the Medi-Cal managed care program. Laws that contain provisions specific to Medi-Cal may require DHS to promulgate new regulations as part of the implementation process. Future policy letters and proposed regulations related to new legislation will be distributed to contracting MCPs, as they become available.

If you have questions about how a specific chaptered bill affects your Medi-Cal MCP contract, please contact your DHS contract manager at (916) 657-0977 for assistance.

*Cheri Rice*

Cheri Rice, Chief  
Medi-Cal Managed Care Division

Enclosures (2)



**2001 CHAPTERED BILLS IMPACTING OR OF INTEREST TO  
MEDI-CAL MANAGED CARE DIVISION AND CONTRACTED PLANS**

**(Prepared November 2, 2001)**

**AB 25 (Chapter 893, Statutes of 2001) – AB 25 expands existing law for a cause of action for negligent infliction of emotional distress to include a domestic partner as well as a surviving spouse. It also expands the legal effect of a registration of domestic partnership to permit a registered domestic partner to be treated in the same manner as a legal spouse in many medically-related**

**situations.** [Adds Section 1714.01 to the Civil Code. Amends Section 377.60 of the Code of Civil Procedure. Amends Sections 297, 299.5, 9000, 9002, 9004, and 9005 of the Family Code. Amends Section 22871.2 of and adds Section 31780.2 to the Government Code. Adds Section 1374.58 to the Health and Safety Code. Adds Section 10121.7 to the insurance Code. Amends Section 233 of the Labor Code. Amends Sections 1460, 1811, 1812, 1820, 1821, 1822, 1829, 1861, 1863, 1871, 1873, 1874, 1891, 1895, 2111.5, 2212, 2213, 2357, 2359, 2403, 2423, 2430, 2504, 2572, 2580, 2614.5, 2622, 2651, 2653, 2681, 2682, 2687, 2700, 2803, 2805, 6122, 6240, 8461, 8462, and 8465 of and adds Sections 37, 1813.1, 4716, and 6122.1 to the Probate Code. Adds Section 17021.7 to the Revenue and Taxation Code. Amends Sections 1030, 1032, 1256, and 2705.1 of the Unemployment insurance Code, relating to domestic partnerships.]

**AB 207 (Chapter 622, Statutes of 2001) -- AB 207 requires certain health care service plans and disability insurers that offer coverage for prescription drug benefits and that issue identification cards to enrollees and insureds to issue a card containing uniform information necessary to process claims for prescription drug benefits. It also requires that, if a health care service plan or disability insurer delegates responsibility for issuing the card, the contract between the health care service plan or disability insurer and its contractor or agent requires compliance with these provisions. The date of compliance is July 1, 2002.** [Adds Section 1363.03 to the Health and Safety Code and Section 10123.194 to the insurance Code, relating to Health insurance.]

**AB 427 (Chapter 125, Statutes of 2001) – AB 427 is the Budget Act of 2001 containing the funding of the Medi-Cal Program.** [Amends Section 1559.1 10 of the Health and Safety Code. Amends Sections 11400, 16522, and 16522.1 of, adds Sections 11403.1, 11403.2, 11403.3, 11403.4, and 16011 to, and repeals Section 16522.3 and Article 6 (commencing with Section 11460.1) of Chapter 2 of Part 3 of Division 9 of the Welfare and institutions Code, relating to public social services, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.]

**AB 430 (Chapter 171, Statutes of 2001) – AB 430 is a trailer bill for health programs. It includes modification of emergency rulemaking authority for Medi-Cal Managed Care. It implements breast and cervical cancer treatment and the prospective payment system for Federally Qualified Health Centers. It also includes the Healthy Families parental coverage expansion.** [Amends Section 95004 of the Government Code. Amends Sections 1395, 1417.4, 1799.204, 102247, 103625, 103641, 116590, 124035, 124040, and 124710 of; adds Article 1.3 (commencing with Section 104150) to Chapter 2 of Part 1 of Division 103 of; adds Chapter 3.75 (commencing with Section 1797,198) to Division 2.5 of; adds Part 3.5 (commencing with Section 104896) to Division 103 of; repeals Sections 102250, 103640, and 116600 of; and repeals and adds Article 1.5 (commencing with Section 104160) of Chapter 2 of Part 1 of the Health and Safety Code. Amends Sections 12693.325, 12693.70, 12693.755, 12693.76, and 12693.98 of; and adds Sections 12693.981 and 12693.982 to the insurance Code. Amend Sections 4094.2, 4107, 4136, 4356, 4359, 4598.5, 4631, 4640.6, 4685.5, 4731, 5675, 5839, 6600.05, 14005.7, 14005.30, 14005.40, 14053.1,

14087.325, 14105.33, 14126.02, and 16809 of; adds Sections 4427.5, 4643.3, 14007.45, 14007.71, 14011.2, 14011.6, 14017.6, 14017.7, 14105.27, and 14110.65 to; repeals Section 14105.8 of; and repeals and adds Section 14089.7 to the Welfare and Institutions Code. Repeals Section 147 of Chapter 722 of the Statutes of 1992, relating to health, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.]

**AB 495 (Chapter 648, Statutes of 2001)** – AB 495 creates the Children’s Health Initiative Matching Fund to be administered by the Managed Risk Medical Insurance Board for the purpose of providing matching state funds to a local initiative or other county agency to provide health insurance coverage to children who do not receive health care benefits through the Health Families Program or Medi-Cal. [Adds Part 6.4 (commencing with Section 12699.50) to Division 2 of the Insurance Code, relating to health care coverage, and declaring the urgency thereof, to take effect immediately].

**AB 677 (Chapter 708, Statutes of 2001)** – AB 677 provides that no person in the state shall be denied full and equal access to state benefits due to discrimination. It revises the definition of disability for these purposes. [Amends Sections 11135 and 11139 of the Government Code. Amends Sections 22511.55 and 22511.59 of the Vehicle Code, relating to discrimination.]

**AB 938 (Chapter 817, Statutes of 2001)** – AB 938 requires the disclosure form to include any limitations on the patient’s choice of a nonphysician health care practitioner, and to include any general authorization requirements for referral by a primary care physician to a nonphysician health care practitioner. It also requires a health care service plan to provide to enrollees, upon request, a list of contracting providers, updated on a quarterly basis, and information concerning their medical education, board certification, and subspecialty training. [Amends Section 1363 of and adds Section 1367.26 to the Health and Safety Code, relating to health care service plans.]

**AB 963 (Chapter 526, Statutes of 2001)** – AB 963 requires that any county-operated community clinic, as defined, must be reimbursed, subject to reductions in a certain situation, for Medi-Cal services using the same methodology used for reimbursement for a licensed surgical center, to the extent federal financial participation is available. [Adds Section 14087.23 to the Welfare and Institutions Code, relating to Medi-Cal reimbursement.]

**AB 1014 (Chapter 355, Statutes of 2001)** – AB 1014 requires state and local agencies to assist any member of the public to make a focused and effective request that describes an identifiable record by identifying records and information that may be responsive to a request; describing the info technology, environment, or location in which a record may exist; and providing suggestions for overcoming any legal or practical basis of denying access to the info. It also requires that, when the agency dispatches the determination of whether the request seeks disclosable public records, it state the estimated date and time when the records will be made available. [Amends Section 6253 of and adds Section 6253.1 to the Government Code, relating to public records.]

**AB 1049 (Chapter 528, Statutes of 2001)** -- AB 1049 expands the classes of membership for the Technical Advisory Committee of the L.A. Care Health Plan Board and establishes a Children's Health Consultant Advisory Committee which provides the L.A. Care Health Plan Board of Governors with a source of **expertise on related issues.** [Amends Section 14087.9655 of and adds Section 14087.9657 to the Welfare and Institutions Code, relating to health.]

**AB 1177 (Chapter 252, Statutes of 2001)** -- AB 1177 authorizes a health care provider or licensed health facility and a contracting agent, employer, or carrier to contract for reimbursement rates that are different from the official medical fee schedule. It provides that the December 31, 2001 termination date contained in the California Code of Regulations for specified regulations be extended until regulations on the medical fee schedule adopted by the administrative director become effective. [Adds Sections 5307.11 and 5318 to the Labor Code, relating to workers' compensation.]

**AB 4311 (Chapter 325, Statutes of 2001)** -- AB 1311 requires a health care provider to provide, within 30 days of receiving a written request from a patient or former patient or the patient's or former patient's representative, and at no cost, a copy of the medical record upon presenting to the provider proof that the records are needed to support an appeal regarding eligibility for a public benefit program. [Amends Section 123110 of the Health and Safety Code, relating to medical records.]

**SB 16 (Chapter 614, Statutes of 2001)** -- SB 16 deletes a nonprofit hospital service plan from those entities included within the definition of a peer review body. It specifies that disability insurers that contract with licentiates to provide services at alternative rates of payment are subject to the professional peer review process. [Amends Sections 805, 805.1, 805.5, 806, and 2313 of and adds Sections 805.2, 805.6, and 805.7 to the Business and Professions Code, relating to peer review.]

**SB 37 (Chapter 172, Statutes of 2001)** -- SB 37 requires health care service plans, certain disability insurers, the Medi-Cal program, and County Organized Health System plans to provide coverage for routine care costs related to the treatment of an enrollee or a beneficiary diagnosed with cancer and accepted in a clinical trial meeting with specified requirements. [Adds Section 1370.6 to the Health and Safety Code. Adds Section 10145.4 to the Insurance Code. Adds Sections 14087.11, 14132.98, and 14132.99 to the Welfare and Institutions Code, relating to health insurance.]

**SB 111 (Chapter 358, Statutes of 2001)** -- SB 111 authorizes a medical assistant to perform specified services in specified clinics for a physician assistant, nurse practitioner, or nurse midwife. (administration of medication, performance of skin tests and simple routine medical tasks and procedures, and performance of venipuncture or skin puncture for withdrawing blood) [Amends Sections 2069 and 2070 of the Business and Professions Code, relating to medical assistants.]

**SB 212 (Chapter 374, Statutes of 2001)** -- Requires DHS to develop a Meningococcal Disease Strategic Prevention Plan. In developing the plan, DHS would be required to review various documents and programs. As providers of

health care delivering medical services to over half of the Medi-Cal population, plan participation in the Strategic plan is encouraged, but not required. [Adds Chapter 1.1 (commencing with Section 120381) to Part 2 of Division 105 of the Health and Safety Code, relating to health, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately].

**SB 298 (Chapter 289, Statutes of 2001)** -- This bill authorizes a certified nurse-midwife to furnish or order controlled substances under certain conditions. The bill defines the term "furnishing" to include the ordering of a drug or device pursuant to a standardized procedure or protocol and the transmitting of an order of a Supervising physician and surgeon. [Amends Sections 2725.1, 2746.51, 4040, 4060, 4061, 4076, 4170, and 4175 of the Business and Professions Code. Amends Sections 11026 and 11150 of the Health and Safety Code, relating to nurse-midwives.]

**SB 446 (Chapter 634, Statutes of 2001)** -- This bill requires every individual or group health plan contract that is issued, amended, or renewed on or after January 1, 2002, that covers hospital, medical, or surgery expenses, and a CalPERS plan or contract, to provide coverage for a vaccine for acquired immune deficiency syndrome (AIDS) that is approved for marketing by the federal Food and Drug Administration (FDA) and that is recommended by the United States Public Health Service. [Adds Section 22793.2 to the Government Code. Adds Section 1367.45 to the Health and Safety Code. Adds Section 10145.2 to the Insurance Code, relating to health care coverage.]

**SB 455 (Chapter 328, Statutes of 2001)** -- SB 455 contains four components related to health care. First, it repeals current law that organizations practicing medicine shall be owned and operated by one or more licensed physicians and adds provisions for reporting and investigating suspected violations related to physicians and surgeons committing insurance fraud. Second, it amends the definition of an "appropriately qualified health care professional" with respect to those to whom a health care service plan may authorize to provide a second opinion. Third, it extends to "potential" policyholders of Medicare supplement insurance policies a duty of honesty, and a duty of good faith and fair dealing from those engaged in the business of insurance. Fourth, the bill extends Medicare supplement insurance policy limitations on premiums and other related requirements to long-term care insurance policies. [Repeals and adds Section 2417 of the Business and Professions Code. Amends Section 1383.15 of the Health and Safety Code. Amends Section 10192.55 of and adds Section 10232.65 to the Insurance Code, relating to health care.]

**SB 456 (Chapter 635, Statutes of 2001)** -- The bill enacts the Health Insurance Portability and Accountability Act of 2001 for California. This is the enabling legislation to permit California to operationalize the federal HIPAA requirements. [Adds and repeals Division 110 (commencing with Section 130300) of and repeals Section 128812 of the Health and Safety Code. Adds Item 9909-001-0988 to Section 2.00 of the Budget Act of 2001 (Chapter 106 of the Statutes of 2001), relating to the Health Insurance Portability and Accountability Act, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.]

**SB 587 (Chapter 691, Statutes of 2001)** -- SB 587 requires each hospital to have in effect a discharge planning process that applies to all patients and specifies the implementation of certain patient discharge procedures. It requires

each hospital to provide a discharge plan evaluation to patients identified as likely to suffer adverse health consequences upon discharge if there is no adequate discharge plan and to all other patients on request. A transfer summary shall accompany the patient upon transfer to a skilled nursing or intermediate care facility or to the distinct part-skilled nursing or intermediate care service unit of the hospital. It also prohibits a facility from accepting a patient transfer if the facility is ill equipped to provide necessary medical care.

It is the intent of the Legislature that each hospital patient be given information, orally or in writing, about his or her continuing health care requirements following discharge from the hospital. [Adds Sections 1262.5, 1262.6, 1262.7, and 1367.5 to the Health and Safety Code. Adds Sections 10117.5 and 10233.25 to the Insurance Code, relating to health facilities.]

**SB 613 (Chapter 742, Statutes of 2001)** -- This bill requires DHS to notify a Medi-Cal managed care plan of the date of the annual redetermination of a **Medi-Cal beneficiary who is in a disabled aid-category:** [Adds Section 14018.1 to the Welfare and Institutions Code, relating to Medi-Cal.] \*

**SB 720 (Chapter 143, Statutes of 2001)** -- SB 720 expands the specified circumstances under which the members of the L.A. Care Board of Governors, or a member of any advisory panel to the Board, would be deemed not to have an interest in a "contract" entered into by the Board. Second, the bill establishes that these same members be deemed not financially interested in any "decision" of the Board establishing rates or otherwise having a financial impact on the member, or the organization the member was appointed to represent, under specified conditions. [Amends Sections 14087.961 and 14087.969 of the Welfare and Institutions Code, relating to health care.]

**SB 751 (Chapter 329, Statutes of 2001)** -- SB 751 provides that, except under specified circumstances, within 24 hours of the arrival in the emergency department of a general acute care hospital of a patient who is unconscious or otherwise incapable of communication, the hospital shall make reasonable efforts to contact the patient's agent, surrogate, or a family member or other person the hospital reasonably believes has the authority to make health care decisions on behalf of the patient. [Adds Section 4716 to the Probate Code, relating to health facilities.]

**SB 1169 (Chapter 900, Statutes of 2001)** -- AB 1169 authorizes a pharmacist to initiate emergency contraception drug therapy in accordance with standardized protocols developed by the pharmacist and an authorized prescriber acting within his or her scope of practice. The bill also requires a pharmacist who initiates emergency contraception drug therapy pursuant to these provisions to provide the recipient with a standardized fact sheet, and to complete a specified training program. [Amends Section 4052 of the Business and Professions Code, relating to pharmacy.]

**SB 1219 (Chapter 380, Statutes of 2001)** -- SB 1219 requires health care service plans that include coverage for the treatment of cervical cancer and certain disability insurers to provide for an annual Pap test and the option of any

federal Food and Drug Administration approved cervical cancer screening test upon the referral of the patient's health care provider. These provisions are effective with the issuance, amendment, or renewal of health care service plan contracts and disability insurance policies on or after January 1, 2002. [Amends Section 1367.66 of the Health and Safety Code. Amends Section 10123.18 of the Insurance Code, relating to health care.]



**2001 CHAPTERED BILLS IMPACT SUMMARY**  
(Updated 11/01)

BILL INFO		SUBJECT	EFFE- DATE	PLANS AFFECTED	MEMBER NOTICES	CONTRACT ACTIVITIES		
Bill No.	Chap	Main Focus of Bill			New/Revised Policy and/or Procedure	Member Notice <sup>a</sup>	Amend DHS Contract	Plan Amend Subcontracts
AB 25	893	Domestic Partnerships	1/1/2002	All	X	optional		optional, plan decision
AB 207	622	Prescription Drug Benefits	7/1/2002	2-Plan, GMC, Health Plan of San Mateo	X	X		X
AB 427	125	Budget Act of 2001	1/1/2002	All				
AB 430	171	Trailer Bill	1/1/2002	All	X	X	X	X
AB 495	648	Children's Health Care	1/1/2002	2-Plan, COHS	If locally implemented			
AB 677	708	Definition of Disability	1/1/2002	All	X			X
AB 938	817	Disclosure Forms	1/1/2002	2-Plan, GMC, Health Plan of San Mateo	X	X		X
AB 963	526	County-Operated Community Clinics	1/1/2002	All	X			X
AB 1014	355	Records	1/1/2002	LI, COHS, Local Health Authorities	X			
AB 1049	528	LA Care Health Plan Technical Advisory Committee	1/1/2002	LA Care				
AB 1177	252	Reimbursement Rates		All	as applicable			X
AB 1311	325	Medical Records	1/1/2002	All	X			
SB 16	614	Definition of Peer Review Body	1/1/2002	All				
SB 37	172	Cancer Treatment	1/1/2002	All	X	X	X	X

<sup>a</sup> Member notice may involve changes to member. informing materials, form changes and/or special mailings. See specific bill for member notice requirements.

**Note:** Complete text of chaptered bills available through the California State Legislature's website: <http://www.leginfo.ca.gov/billinfo>

**2001 CHAPTERED BILLS IMPACT SUMMARY**  
(Updated 11//01)

BILL INFO		SUBJECT	START DATE	PLANS AFFECTED	PLANS ACTIVITIES	CONTRACT ACTIVITIES		
Bill No.	Chap	Main Focus of Bill			New/Revised Policy and/or Procedure	Member Notice <sup>a</sup>	Amend DHS Contract	Plan Amend Subcontracts
SB 111	358	Medical Assistants	1/1/2002	All				
SB 212	374	Meningococcal Disease Strategic Prevention Plan	1/1/2002	All				
SB 298	289	Nurse-Midwives	1/1/2002	All	X			X
SB 446	634	AIDS Vaccines	1/1/2002	2-Plan, GMC, Health Plan of San Mateo				
SB 455	328	Health Care	1/1/2002	2-Plan, GMC, Health Plan of San Mateo				X
SB 456	635	HIPAA Requirements	1/1/2002	All				
SB 587	691	Hospital Discharge Planning Process	1/1/2002	All				
SB 613	742	Annual Redetermination	1/1/2002	All	X			
SB 720	143	LA Care Board of Governors	1/1/2002	LA Care				
SB 751	329	Emergency Services	1/1/2002	All				
SB 1219	380	Cervical Cancer	1/1/2002	2-Plan, GMC, Health Plan of San Mateo	if needed			if needed

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