**Legal Title**
Managed Care Administrative Fines and Penalties Fund

**Legal Citation/Authority**
Chapter 607, Statutes of 2008 (SB 1379)
Health and Safety Code section 1341.45(a)

**Fund Classification**

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**Purpose**
This fund is used to deposit various fines and administrative penalties for the licensing and regulation of Health Care Service Plans. The fines and administrative penalties deposited into the Managed Care Administrative Fines and Penalties Fund shall be transferred by the department, beginning September 1, 2009, and annually thereafter, as follows:

1. The first one million dollars ($1,000,000) shall be transferred to the Medically Underserved Account for Physicians within the Health Professions Education Fund to be used for the purposes of the Steven M. Thompson Physician Corps Loan Repayment Program, and shall not be used to provide funding for the Physician Volunteer Program.

2. Any amount over the first one million dollars ($1,000,000), including accrued interest, in the fund shall be transferred to the Major Risk Medical Insurance Fund created pursuant to Section 12739 of the Insurance Code to be used for the Major Risk Medical Insurance Program.

The fines and administrative penalties shall not be used to reduce the assessments imposed on health care services plans.

**Administering Agency/Organization Code**
Department of Managed Health Care/Org 4150

**Major Revenue Source**
Fines and administrative penalties

**Disposition of Fund (upon abolition)**
Pursuant to Government Code 16346, in the absence of language that identifies a successor fund, any balance remaining in this fund upon abolishment, shall be transferred to the General Fund.

**Appropriation Authority**
Upon appropriation of the Legislature

**State Appropriations Limit**
Always Excluded – Revenues in this fund are not proceeds of taxes and even after transfer, will never become proceeds of taxes because the major revenue source is derived from fines and penalties.

**Comments/Historical Information**
Chapter 552, Statutes of 2011 moved the Dept. of Managed Health Care under the Health and Human Services Agency which requires a new Org code.