

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: June 26, 2008
POSITION: Neutral

BILL NUMBER: SB 1300
AUTHOR: E. Corbett

BILL SUMMARY: Health Care Coverage

This bill would prohibit contracts between health plans or insurers and health care providers from including provisions that would restrict a health plan or insurer from providing pricing and quality of care information to enrollees. Dental insurers and specialized health plans offering dental coverage would be exempt from these provisions.

FISCAL SUMMARY

DMHC estimates costs would be minor and absorbable.

COMMENTS

Finance is neutral on this bill because it would allow for additional quality of care and pricing information to enrollees. Finance does note, however, that it may be inconsistent to exempt dental insurers from the provisions of this bill but apply them to other health plans and insurers.

Analyst/Principal (0741) E. Harper	Date	Program Budget Manager Mark Hill	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

BILL ANALYSIS Form DF-43 (Rev 03/95 Buff)

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ANALYSIS

A. Programmatic Analysis

Existing law:

- Establishes the Department of Managed Health Care (DMHC) and the Department of Insurance (DOI) for licensure and regulation of health plans and insurers, respectively.
- Requires hospitals to annually provide the Office of Statewide Health Planning Development lists of pricing for hospital services. Hospitals are required to provide individuals without healthcare coverage treatment cost estimates.
- Requires the Office of the Patient Advocate, within DMHC, to prepare quality of health care reports for health care plans.
- Requires hospitals to make available a copy of their health care service pricing list available on hospital websites or in hospitals.

This bill would:

- Prohibit contracts between health plans or insurers and health care providers from restricting health plans or insurers from providing pricing and quality of care information to enrollees. Dental insurers and specialized health plans offering dental coverage would be exempt from these provisions.
- Require health plans to involve health care providers in the development of quality of care information prior to releasing the information to enrollees.

Discussion: The purpose of this bill is to improve the availability of pricing and quality of care information so that health plan enrollees are able to make better informed consumer decisions when selecting health plan coverage. This bill would achieve this goal by prohibiting contracts that include confidentiality agreements that would prevent health care providers from releasing pricing and quality of care information to enrollees.

The California Medical Association and California Hospital Association oppose this bill because they believe it reduces competition among physician groups when negotiating with plans and insurers. They also assert that there is sufficient medical pricing and quality of care information available currently.

B. Fiscal Analysis

The costs to DMHC for implementation of this bill would be related to extended review of health plan applications, additional enforcement activities, and an increase in workload volume related to the activities of the Office of Patient Advocate, which responds to inquiries and complaints from healthcare consumers. However, these costs would be minor and absorbable within existing resources.

Code/Department	Agency or Revenue Type	SO	PROP	(Fiscal Impact by Fiscal Year)				Fund Code
				2008-2009	2009-2010	2010-2011	FC	
2400/MngedHltCare	SO	No		No/Minor Fiscal Impact				0933
<u>Fund Code</u>	<u>Title</u>							
0933	Managed Care Fund							