

Date of Hearing: June 2, 2020

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Lorena Gonzalez, Chair

AB 2157 (Wood) – As Introduced February 10, 2020

Policy Committee: Health Vote: 15 - 0

Urgency: No State Mandated Local Program: No Reimbursable: No

SUMMARY:

This bill make several minor adjustments to the Independent Dispute Resolution Process (IDRP) established by health care plan and insurance regulators to resolve disputes about claims payment between providers and a plan or insurer.

FISCAL EFFECT:

- 1) Costs to the Department of Managed Health Care (DMHC) are minor and absorbable (Managed Care Fund).
- 2) \$120,000 in staff costs to California Department of Insurance (CDI) if regulations are necessary to incorporate these new requirements into existing processes (Insurance Fund).

COMMENTS:

- 1) **Purpose.** According to the author, this bill addresses some of the concerns raised by providers about the IDRP for “surprise billing,” which went into effect in 2017. This bill is supported by anesthesiologists and other health care professionals, and has no opposition.
- 2) **Background.** AB 72 (Bonta), Chapter 942, Statutes of 2016, established consumer protections that apply when consumers seek services from a provider that contracts with their health plan or insurer, such as a hospital, and are faced with “surprise bills” from non-contracting providers. Prior to AB 72, patients commonly faced bills from non-contracting anesthesiologists, for instance, even if they were undergoing procedures at a contracting hospital.

AB 72 established standardized payment rates and an IDRP for disputed claims related to covered services provided at a contracted health facility by a non-contracting health care professional. According to the author, this bill is needed to formalize in statute changes DMHC plans to make to the process to address provider concerns. For instance, this bill requires the departments to establish a process for each party to submit confidential evidence information in order to preserve the confidentiality of a source contract. According to the sponsors, the California Society of Anesthesiologists, the lack of such a process has chilled provider participation.

- 3) **Related Legislation.** AB 1611 (Chiu), pending in Senate Health Committee since 2019, limits the cost-sharing required of a patient receiving covered emergency services at a non-contracting hospital to no more than the same cost-sharing the patient would pay for the same covered emergency services received from a contracting hospital, and establishes standard payment rates.

- 4) **Prior Legislation.** AB 1174 (Wood) of 2019 requires a health plan, its delegated entity, or a health insurer to notify the DMHC or CDI before the expiration or termination of a contract pursuant to which anesthesia services are provided. AB 1174 was held on the Suspense File of this committee.

AB 533 (Bonta), of the 2015-16 Legislative Session, was similar to AB 72 and failed passage on the Assembly Floor.

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