

Date of Hearing: May 10, 2023

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Chris Holden, Chair

AB 1278 (Rodriguez) – As Amended March 23, 2023

Policy Committee: Insurance

Vote: 14 - 0

Urgency: No

State Mandated Local Program: No

Reimbursable: No

SUMMARY:

This bill revises administration of medical provider networks (MPNs) under the workers' compensation system.

Specifically, this bill:

- 1) Allows an injured employee to authorize their primary treating physician to request an electronic copy of any notification that an injury is subject to an MPN or that the employee must transfer treatment to an MPN.
- 2) Provides that an MPN's roster of participating providers is not required to include ancillary service providers. Instead, inclusion of ancillary service providers, as well as providers of medical, surgical, and hospital treatment and management, scheduling, or patient care coordination services, is optional. An insurer or employer has the right to determine the members within their MPN, including the specific physician, ancillary service, and other service providers.
- 3) Requires the Division of Workers' Compensation (DWC) director to allow an insurer or employer 45 days to submit additional information if the director disapproves the entity's initial MPN plan or determines the plan has deficiencies. The DWC director must then either approve, deny, or request more information about the revised MPN plan within 30 days.

FISCAL EFFECT:

Costs of approximately \$283,000 in the first year and approximately \$272,000 annually thereafter to DWC for additional MPN reviews and related legal workload (special fund).

COMMENTS:

- 1) **Purpose.** According to the author:

[S]ome injured workers do not have the right paperwork to identify their MPN when they see a doctor, leading to confusion and delays. Some injured workers also have difficulty finding and contacting providers, especially for telehealth services. MPNs have also encountered technical issues in becoming licensed and signing up physicians and surgeons to join their network. This bill would fix these disruptions in the MPN process that have occurred over the past

20 years, making it easier for injured workers to get the care they need and deserve.

- 2) **Support and Opposition.** This bill is sponsored by the American Association of Payers Administrators and Networks (AAPAN), which argues this bill “allows an injured worker to authorize their treating physician to obtain an electronic copy of the MPN Employee Notification, and it improves the process by which MPN plans are approved by [DWC].” This bill is also supported by other MPN administrators and various small business groups.

This bill is opposed by the Independent Physical Therapists of California and other ancillary service provider associations, which argue this bill makes “worse what has become an extremely inefficient and opaque workers compensation health care delivery system; one that costs much more than necessary and lowers the benefits available to injured employees by gradually ensconcing middlemen in a version of ‘wholesale/retail.’”

- 3) **MPNs.** Since 2005, injured workers have accessed workers’ compensation care through an MPN set up by an insurer or self-insured employer. An MPN is a DWC-approved list of physicians that have experience treating common workplace injuries and supplementary specialists that can cover the needs of specific industries, provide second opinions, and handle IMR requests. An employer may require an injured worker to be treated for a workplace injury within the employer’s MPN. Thus, MPNs function similarly to health maintenance organizations in the group health setting, bringing together a large group of providers under a series of contracted rates to provide appropriate care in a cost-sensitive manner.

A July 20, 2022, DWC Newsline to clarify implementation of existing law regarding MPN directory requirements specified that “if an MPN submits a provider listing that contains the names of non-professional organizations, management services organizations, scheduling and coordinating companies, cost containment companies, or other non-provider entities, the DWC will disapprove the MPN submission.” This bill revises existing law to explicitly allow the directory to include persons or entities providing management services or coordinating patient care. This bill also strikes the requirement that an MPN directory include ancillary services providers in the MPN and instead allows the directory to include ancillary service providers. If DWC disapproves an insurer’s or employer’s MPN, this bill grants the insurer or employer 45 days to submit additional information for reconsideration.

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