SENATE COMMITTEE ON APPROPRIATIONS
Senator Sabrina Cervantes, Chair
2025 - 2026 Regular Session

AB 1770 (Garcia) - Arbitration: health care service plans

Version: July 2, 2026
Urgency: No
Hearing Date: August 3, 2026

Policy Vote: JUD. 11 - 2, HEALTH 8 - 2
Mandate: No
Consultant: Bob Franzoia

Bill Summary: AB 1770 would provide the Department of Justice (DOJ) oversight over and authority to request reports from health plans to ensure that health plans requiring binding arbitration to settle disputes comply with requirements in the Knox-Keene Health Care Service Plan Act of 1975, as specified, and requires an arbitration claim initiated pursuant to a health plan to be conducted pursuant the California Arbitration Act and arbitration of medical malpractice provisions.

Fiscal Impact: Annual costs to DOJ to oversee compliance by health care service plans with specified provisions regulating the use of binding arbitration to settle disputes. The Healthcare Rights and Access Section, within the Public Rights Division of DOJ anticipates an increase in workload investigating and litigating the mandate of the bill.

To address the additional anticipated workload, DOJ reports needing four deputy attorneys general, a legal analyst, and three legal secretaries. DOJ estimate workload costs of $1.1 million in FY 2026-27 and $2 million for FY 2027-2028 annually (Unfair Competition Law, General Fund).

Background: Arbitration is an alternative method for resolving legal disputes. Instead of going through the formal, public court process, the parties to the dispute submit their evidence and legal arguments to a private arbitrator (or a panel of arbitrators) who decides the case. Generally, the arbitration decision is not appealable. Generally, supporters of arbitration assert that private arbitration provides a cheaper, faster, more efficient form of dispute resolution than the overburdened courts, because they are able to limit discovery, set their own rules for presenting evidence, schedule proceedings at their own convenience, and select the third party who will decide their cases.

Department of Managed Health Care (DMHC) licensed health plans that use arbitration to settle disputes with members must file a copy of written arbitration decisions within 30 days of the decision with DMHC. The filed copy must include the amount of the award, if any, the reasons for the award/decision, and the names of the arbitrators. By law, the names of the health plan, the health plan member, witnesses, attorneys, provider, health plan employees, and health plan facilities are deleted from the copy filed with the DMHC. Health plans must file copies of these redacted arbitration decisions with the DMHC quarterly. Arbitration decisions are available for view on the DMHC website. There appear not to be any statistics by plan or tally of arbitration outcomes available.