

NOSSAMAN, GUTHNER, KNOX & ELLIOTT, LLP

MEMORANDUM

TO: Board of Directors  
California Association  
of Dental Plans

FROM: Jo-Linda Thompson

DATE: July 12, 2001

RE: Legislative Report

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As of this writing no state budget is in sight although most of us believe that it will somehow be put together in time for the summer break beginning on July 20<sup>th</sup>. The following is a brief status report on several of the most controversial bills that CADP has been actively working on or has an interest in. If you have questions or comments please contact me. I may be seeking CADP members to testify as these bills move.

AB 1600 (Keeley) - provider unions: This is the bill that, among other things, creates a "quasi labor union" status for provider groups that wish to negotiate contracts with full service and specialty health plans. It authorizes health care providers to be designated as a class and thus negotiate any contract term, or condition. If an impasse is reached, the parties will be required to submit the dispute to facilitated negotiation or to refer the dispute to arbitration.

AB 1600 is set to be heard in Senate Judiciary Committee on July 17<sup>th</sup>. Beth Capell, lobbyist for SEIU and Health Access, is negotiating amendments to the bill that may be incorporated into the bill by the 17<sup>th</sup>. I have not seen these amendments in writing but I am told that they include the following points: rate regulation of what plans pay providers; rate regulation of what employers pay plans; allowance for interveners (officious intermeddlers and consumer groups) to review these contracts to decide if the terms work for them. If they do not like the contracts attorney fees will be allowed should these interveners decide to bring an action against the implementation of a contract provision or contract they disapprove of. It is my understanding the sponsor of this legislation is willing to accept some or all of these amendments.

I think we should have a plan representative prepared to be present on the 17<sup>th</sup> to oppose this bill. I am attaching materials developed by CAHP with more detailed information about the entire issue that will be helpful in preparing for the hearing.

SB 686 (Ortiz) - Health Care Service Plan Fees: CADP supports this bill that addresses the current inequity between the fees charged by DMHC to the full service and specialty health plans. There is general agreement that the current situation is inequitable; how the inequity should be addressed remains controversial. After much negotiation and many meetings with legislators and staff, the solution favored by the chair of the Health Committee, although not by the bill sponsor, appears to include a fast track study. This study will either be done by the DMHC or the State Auditor or the Legislative Analyst. There is some discussion of the specialty plans assessing themselves to fund an outside study by a big 8 accounting firm or consulting firm.

At this writing, the sponsor of the bill, Vision Service Plan, remains committed to working out a formula based on their current information, not readily accepting a study only bill even if it is on a fast track.

If the study alternative is adopted and amended into the bill, a new rate schedule will be developed reflecting the data. Through discussions with the department and the other plans, the consensus is that with a study, dental plans will probably pay more than vision or chiropractic but not as much as full service plans. Some of the full service plans have indicated that they will reluctantly live with this solution.

The bill is tentatively set in Assembly Health Committee August 21<sup>st</sup>. The question is whether it will be amended before that hearing or during that hearing. If the sponsor is forced to take the amendments dealing with a study, they could drop the bill. I think that is unlikely but possible.

SB 26 (Figueroa) - Dental Board Demise - This bill transfers funds and regulatory responsibilities of the Dental Board to the Department of Consumer Affairs immediately upon the Governor's signature. The Dental Board will be reconstituted by January 1, 2002. According to Lynn Morris at the Department, the regular work of the Dental Board will continue; something like a Bureau structure will be created in the Department to handle the day to day requirements of the profession. Personnel changes within the Board's executive staff are rumored if the Governor signs the bill.

AB 1522 (Thomson) - Continuity of Care: This bill will be heard August 22<sup>nd</sup> in Senate Insurance Committee. It has

been extensively amended. If passed as currently drafted the following are its most important provisions: require health plans and provider organizations who fail to renew their contact before it expires to allow enrollees under a group plan to continue with the plan for 12 months or until they have an opportunity to enroll in a new plan; if an individual is the subscriber under an individual contract that period is 180 days from termination date; every contract must specify reimbursement rates in effect for the interim period. The bill contains a list of exceptions to the rules, essentially involving fraud or bad conduct of provider groups.

SB 492 (Scott) - Appointment of Dentist to DMHC Advisory Committee on Managed Health Care - This is the measure for which CDA had sought CADP's support, if the bill was amended to remove the provisions re appointment of a dentist to the Advisory Committee and add a provision clarifying that the uniform quality audit process applied to dental plans. Per Jackie Miller's discussions with Bill Lewis of CDA, the bill is currently on hold pending discussions with the DMHC regarding the uniform audit process and dental plans.

These are the bills that are the most controversial at present. If you would like copies of the text of these measures e-mailed to you, please call; 916/442-8888; or e-mail - [jlthompson@nossaman.com](mailto:jlthompson@nossaman.com).

JT