

An act to add Article 11.9 (commencing with Section 1399.870) to Chapter 2.2 of Division 2 of the Health and Safety Code, relating to health care.

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## THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Article 11.9 (commencing with Section 1399.870) is added to Chapter 2.2 of Division 2 of the Health and Safety Code, to read:

## Article 11.9. Health Equity and Quality

1399.870. (a) On or before March 1, 2022, the department shall convene a Health Equity and Quality Committee to make recommendations to the department for standard health equity and quality measures, including annual benchmark standards for assessing equity and quality in health care delivery. The department may contract with consultants to assist the committee with the implementation and administration of its duties.

(b) In appointing members to the committee, the director shall consider all of the following:

(1) The expertise of each committee member so that the committee's composition reflects a diversity of relevant expertise.

(2) The cultural, ethnic, and geographical diversity of the state so that the committee's composition reflects the communities of California.

(3) The expertise of representatives from other state agencies that are engaged in the work of setting quality and equity goals or standards for health care entities.

(c) On or before September 30, 2022, the committee shall provide the recommendations described in subdivision (a), which may consider and include all of the following:

(1) Quality measures, including Healthcare Effectiveness Data and Information Set (HEDIS) measures and the federal Centers for Medicare and Medicaid Services Child and Adult Core Set measures.

(2) Surveys or other measures to assess consumer experience and satisfaction.

(3) Other quality or outcome measures that the committee determines are appropriate.

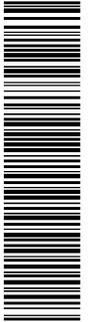
(4) Effective ways to measure outcomes in the absence of quality measures, including demographic data or other data related to race, ethnicity, or socioeconomic variables that are currently collected by health care service plans.

(d) The committee's recommendations shall include setting annual health equity and quality benchmarks.

(e) The department shall consider the committee's recommendations in establishing the standard measures and annual benchmarks pursuant to Section 1399.871. The department shall enforce the established set of standard health equity and quality measures and applicable annual benchmarks consistent with Section 1399.872.

(f) The department, at its discretion, may reconvene the committee following the establishment of the standard measures and annual benchmarks pursuant to Section 1399.871 for the purpose of reviewing or revisiting the standard measures and annual benchmarks after the department has received data from health care service plans pursuant to Section 1399.872.

(g) Contracts entered into pursuant to this article are exempt from Part 2 (commencing with Section 10100) of Division 2 of the Public Contract Code, Section



19130 of the Government Code, and Chapter 6 (commencing with Section 14825) of Part 5.5 of Division 3 of Title 2 of the Government Code, and are exempt from the review or approval of any division of the Department of General Services, until January 1, 2024.

1399.871. (a) The department shall establish standard measures and annual benchmarks for equity and quality in health care delivery.

(b) In establishing the standard measures and annual benchmarks pursuant to subdivision (a), the department shall consider the recommendations made by the Health Equity and Quality Committee pursuant to Section 1399.870.

(c) The department may periodically update or revise the standard measures and annual benchmarks.

(d) After the department establishes the standard measures and benchmarks pursuant to subdivision (a), a health care service plan shall comply with the annual benchmarks and shall demonstrate compliance in reports submitted to the department pursuant to Section 1399.872.

(e) (1) On or before January 1, 2026, a health care service plan and its subcontracted health care service plans shall have and maintain National Committee for Quality Assurance (NCQA) accreditation.

(2) This subdivision does not apply to a health care service plan that contracts with the State Department of Health Care Services to provide health care services to Medi-Cal beneficiaries. NCQA accreditation for these plans shall be in accordance with Section 14184.203 of the Welfare and Institutions Code.

(f) Throughout the development and implementation of the standard measures and annual benchmarks pursuant to this section, the department shall coordinate with the State Department of Health Care Services, the Office of Statewide Health Planning and Development, the California Health Benefit Exchange (Covered California), and CalPERS.

1399.872. (a) Upon the department's establishment of standard measures and annual benchmarks pursuant to Section 1399.871, a health care service plan shall annually submit to the department, at the time and in a manner specified by the department, a report containing health equity and quality data and information. A health care service plan shall implement the policies, procedures, and systems necessary for compliance with this article and shall, in a manner specified by the department, disclose substantiating documentation to the department demonstrating how the health care service plan shall achieve that compliance.

(b) The department shall review a health care service plan's equity and quality report submitted pursuant to this section for compliance with the health equity and quality standard measures and annual benchmarks established pursuant to Section 1399.871. The department may also review and use other credible sources of information and data, including, but not limited to, relevant data provided by other state agencies, to determine a health care service plan's compliance with the equity and quality standard measures and annual benchmarks.

(c) The department shall determine a health care service plan's compliance with the health equity and quality standard measures and annual benchmarks and issue a report of its findings to the health care service plan.



(d) If a health care service plan does not demonstrate compliance with this article, the department may take the following actions, which may be progressive, as appropriate:

(1) Require the health care service plan to implement corrective action to achieve and demonstrate compliance with the health equity and quality standard measures and annual benchmarks.

(2) Monitor a health care service plan's corrective action plan and improvement efforts.

(3) Investigate and require supplemental reporting by the health care service plan.

(4) Assess an administrative penalty in an amount that is initially commensurate with the failure to meet the requirements of this article, and assess additional penalties, in escalating amounts for repeated or continuing failure to meet the requirements. The director may assess administrative penalties under this paragraph if a health care service plan engages in any of the following conduct:

(A) Fails to report complete and accurate data required by this article.

(B) Neglects to file a required corrective action plan with the department.

(C) Fails to file an acceptable required corrective action plan with the department.

(D) Fails to implement or monitor a required corrective action plan.

(E) Fails to provide information required by this article to the department.

(F) Falsifies information required by this section.

(G) Fails to meet the health equity and quality standard measures and annual benchmarks established pursuant to Section 1399.871.

(5) Take other disciplinary or other enforcement action, as determined necessary and appropriate by the director.

(e) (1) For the measurement years 2023 and 2024, the department's enforcement activities pursuant to subdivision (d) shall address deficiencies in procedural data collection, reporting, corrective action plan implementation, or monitoring requirements pursuant to this article.

(2) Commencing with measurement year 2025, and for each following measurement year, the department's enforcement activities shall address deficiencies in meeting the requirements under paragraph (1), compliance with the standard measures and annual benchmarks, and all other requirements pursuant to this article.

(3) For the purpose of this subdivision, "measurement year" means the time period within which a health care service plan shall collect the required information for the report required by this section.

(f) Commencing in 2025, and annually thereafter, the department shall publish on its internet website a Health Equity and Quality Compliance Report.

(g) The department shall coordinate with the State Department of Health Care Services to support the review of, and any compliance action taken with respect to, Medi-Cal managed care plans consistent with this article, to maintain consistency with the applicable federal and state Medicaid requirements governing those plans.

1399.873. (a) Except as provided by any other law, the requirements of this article apply to health care service plans that cover hospital, medical, or surgical expenses, including a health care service plan that contracts with the State Department of Health Care Services to provide health care services to Medi-Cal beneficiaries, and specialized health care service plans that provide behavioral health care.



(b) The obligation of a health care service plan to comply with this article is not waived if the health care service plan delegates any services or functions to its medical groups, independent practice associations, or other contracting entities.

1399.874. (a) This article does not restrict the director's enforcement authority under this chapter.

(b) Notwithstanding Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, the department may implement, interpret, or make specific this article by means of all-plan letters, methodologies, rules, policies, forms, or similar instructions, without taking regulatory action, until January 1, 2027.

SEC. 2. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.



## LEGISLATIVE COUNSEL'S DIGEST

Bill No.

as introduced, \_\_\_\_\_.

General Subject: Health care service plans: health equity and quality.

Existing law, the Knox-Keene Health Care Service Plan Act of 1975, provides for the licensure and regulation of health care service plans by the Department of Managed Health Care and makes a willful violation of the act a crime.

This bill would require the department, on or before March 1, 2022, to convene a Health Equity and Quality Committee to make recommendations to the department for standard health equity and quality measures, including annual benchmark standards for assessing equity and quality in health care delivery. The bill would require the department to consider the committee's recommendations and to establish standard measures and annual benchmarks for equity and quality in health care delivery. The bill would require a health care service plan to annually submit to the department a report containing equity and quality data and information. The bill would require the department to review a health care service plan's equity and quality report to determine the plan's compliance with the health equity and quality standard measures and annual benchmarks established by the department. The bill would authorize the department to take certain actions against a health care service plan that does not demonstrate compliance with the requirements of the bill, including requiring a health care service plan to implement corrective action to achieve and demonstrate compliance with the standard measures and annual benchmarks, monitoring a corrective action plan, and assessing administrative penalties, as provided. The bill would require the department, commencing in 2025, and annually thereafter, to publish on its internet website a Health Equity and Quality Compliance Report. The bill would authorize the department to implement the bill by means of all-plan letters or similar instructions, without taking regulatory action until January 1, 2027.

Because a willful violation of the bill's provisions by a health care service plan would be a crime, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

