

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: 06/27/2024
POSITION: Oppose

BILL NUMBER: AB 236
AUTHOR: Holden, Chris

BILL SUMMARY: Health care coverage: provider directories.

This bill requires health plans and insurers to update their provider directories to include specified information and be 60 percent accurate by July 1, 2025, and at least 95 percent accurate by July 1, 2028. If a plan or insurer does not meet these requirements, they will be subject to a penalty. This bill also requires the Department of Managed Health Care (DMHC) and the California Department of Insurance (CDI) to develop a methodology to improve the accuracy of provider directories and provide exemptions from a central utility, if benchmarks will be met.

FISCAL SUMMARY

DMHC estimates the fiscal impact to be \$1,977,000 and seven positions in 2024-25, \$3,503,000 and fourteen positions in 2025-26, \$3,446,000 and fourteen positions in 2026-27, \$3,491,000 and fourteen positions in 2027-28, \$3,538,000 and fourteen positions in 2028-29 and annually thereafter from the fee supported Managed Care Fund.

A one-million dollar increase to the Managed Care Fund results in a two-cent increase on assessments to full-service health plans and a one-cent increase to specialized health plans. To the extent this bill results in additional assessments on health plans, consumers may face increased premiums.

The Department of Health Care Services estimates the fiscal impact of this bill to be approximately \$24 million (\$12 million General Fund) in 2025-26 and ongoing from potential Proposition 30 impacts, increased capitation payments and staffing requirements.

CDI estimates the fiscal impact to be \$168,000 in 2024-25 and \$88,000 annually thereafter from the Insurance Fund.

Covered California estimates no fiscal impact from this bill.

A fiscal impact was not available for the California Public Employees' Retirement System at the time of this analysis.

Any requests for additional resources are subject to review and approval through the annual budget process.

COMMENTS

The Department of Finance is opposed to this bill as it results in significant ongoing General Fund and Managed Care Fund costs not included in the state's spending plan. This bill may also be

Analyst/Principal Date Program Budget Manager Date
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Department Deputy Director Date

Governor's Office: By: Date: Position Approved Position Disapproved

BILL ANALYSIS--(CONTINUED)**Form DF-43****AUTHOR****AMENDMENT DATE****BILL NUMBER**

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COMMENTS (continued)

premature, as DMHC is in the process of establishing requirements related to maintaining accurate provider directory information pursuant to Chapter 649, Statutes of 2015 (SB 107).

Current law requires DMHC and CDI to develop uniform provider directory standards and require health plan or insurer to take steps to ensure the accuracy and information of their provider directories. Health plans and insurers are required to update the directories weekly, or more frequently when information affects the content or accuracy of the directories. SB 137 also prohibits the directory from including information on a provider that is not currently under contact with the plan.

Current law established the Office of Health Care Affordability to slow healthcare spending and address prevailing cost drivers. The costs associated with this bill could increase the cost of health care for enrollees, conflicting with the state's goal to slow the growth of health care costs.

Code/Department Agency or Revenue Type	SO LA CO RV	(Fiscal Impact by Fiscal Year)						Fund Code
		PROP 98	FC	(Dollars in Thousands)				
				2024-2025 FC	2025-2026 FC	2026-2027 FC		
4150/MngedHltCare	SO	No	C	1,977 C	3,503 C	3,446	0933	
4260/Hlth Care	SO	No	B	0 C	12,000 C	12,000	0001	
0845/Insurance	RV	No	C	168 C	88 C	88	0217	
4800/Exchange	SO	No		----- No/Minor Fiscal Impact -----			3175	
Fund Code	Title							
0001	General Fund							
0217	Insurance Fund							
0933	Managed Care Fund							
3175	Health Trust Fund, California							