AB 1733 (Logue) – Telehealth

Introduced February 16, 2012, Chaptered September 29, 2012

This bill expands current-law requirements relating to the use of telehealth in Medi-Cal Managed Care plans to all major health plans that contract with the Department of Health Care Services (DHCS).

According to the author, this bill is a minor expansion of requirements enacted in AB 415 (Logue), Chapter 547, Statutes of 2011. AB 415 removed administrative barriers to the use of telehealth in part by ensuring Medi-Cal managed care plans did not discriminate against services provided via telehealth, if the services are appropriately provided through telehealth. This would apply the requirements to all plans that contract with DHCS for health care services.

According to the Center for Connected Health, a non-profit focusing on telehealth issues, telehealth is the use of technology and processes to electronically connect patients with health care providers and educators. Applications range in complexity from a phone call with a specialist to virtual appointments with a distant provider via video conferencing.

AB 415 sought to ensure telehealth was treated at parity with in-person visits, as long as the visit was appropriately provided through telehealth. However, this bill only applied to full-service health care plans, and did not apply to several other types of plans that contract with DHCS, including PACE, SCAN Health Plan, and AIDS Healthcare Foundation. This bill applies the requirements uniformly. According to the author, DHCS suggested a technical amendment last year to address this oversight, but it was too late to amend the bill at that time.

This bill updates several code sections to replace the term "telemedicine" with "telehealth" and expands the potential for the use of telehealth in additional health care programs administered by the Department of Health Care Services (DHCS) such as the Program of All-Inclusive Care for the Elderly (PACE). This bill also amends licensed professional clinical counselor licensing laws.

This bill expands the potential for the use of telehealth in Medi-Cal managed care programs and the PACE by prohibiting requirements for in-person contact and limitations on the type of setting where services are provided before payment can be made.

Specifically, this bill:

1) Subject specified healing arts health care practitioners providing telehealth to requirements and definitions, as specified, and to the practice act, and any adopted regulations, related to his or her licensed profession.

2) Replace "telemedicine" with "telehealth" in existing Business and Professions Code, Education Code, Health and Safety Code, Insurance Code, and Welfare and Institutions Code sections.

3) Delete from existing law related to unprofessional conduct of a licensed professional clinical counselor "the conviction of more than one misdemeanor or any felony involving the use, consumption, or self-administration of any of the substances, as specified."

4) Add to unprofessional conduct conditions allowing a clinical counselor applicant or registrant to perform under supervision, any professional services beyond the scope of license authorized by law.

5) Add to unprofessional conduct of a licensed professional clinical counselor willful violation of specified provisions of the Health and Safety Code related patient health records.

6) State that it is the intent of the Legislature to recognize the practice of telehealth as a legitimate means by which an individual may receive health care services from a health care provider without in-person contact with the health care provider.

7) Prohibit a PACE organization from requiring in-person contact before payment is made for covered services appropriately provided through telehealth, subject to terms and conditions of the contract.

8) Prohibit a PACE organization from limiting the type of setting where services are provided before payment is made for covered services appropriately provided through telehealth subject to the terms and conditions of the contract.

9) State that 6), 7), and 8) above shall not be interpreted to authorize a PACE organization to require the use of telehealth when the health care provided has determined it is not appropriate.

Assembly Bill No. 1733

CHAPTER 782

An act to amend Sections 2028.5 and 4999.90 of, and to add Section 686 to, the Business and Professions Code, to amend Sections 78910.10 and 101041 of the Education Code, to amend Sections1374.13, 1375.1, 123149.5, and 127620 of the Health and Safety Code, to amend Sections 10123.13 and 10123.147 of the Insurance Code, and to amend Sections 14132.725 and 14132.73 of, and to add Section 14594 to, the Welfare and Institutions Code, relating to health.

[Approved by Governor September 29, 2012. Filed with Secretary of State September 29, 2012.]

LEGISLATIVE COUNSEL'S DIGEST

AB 1733, Logue. Health.

(1) Existing law, the Licensed Professional Clinical Counselor Act, provides for the licensure and regulation of the practice of professional clinical counseling by the Board of Behavioral Sciences.

Existing law authorizes the board to refuse to issue any registration or license, or to suspend or revoke the registration or license of any intern or licensed professional clinical counselor, if the applicant, licensee, or registrant has been guilty of unprofessional conduct that includes, but is not limited to, the conviction of more than one misdemeanor or any felony involving the use, consumption, or self-administration of any of specified substances, or any combination thereof.

This bill would delete the conviction of more than one misdemeanor or any felony involving the use, consumption, or self-administration of any of specified substances, or any combination thereof, from the list of what constitutes unprofessional conduct. The bill would make it unprofessional conduct to willfully violate specified provisions governing patient access to health care records.

(2) 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. Existing law prohibits a health care service plan from requiring in-person contact between a health care provider and a patient before payment is made for covered services appropriately provided through telehealth, as specified. Existing law specifies that this requirement applies to certain Medi-Cal managed care plans, including county organized health systems and entities contracting with the department to provide services pursuant to 2-plan models and geographic managed care.

Existing law establishes the California Program of All-Inclusive Care for the Elderly (PACE) and provides that the State Department of Health Care

Services may enter into contracts with public or private nonprofit organizations for implementation of the PACE program.

This bill would specify that the prohibition on requiring in-person contact also applies to other health care service plan contracts with the State Department of Health Care Services for services under the Medi-Cal program, and publicly supported programs other than Medi-Cal, as well as to the organizations implementing the PACE program. By expanding the scope of a crime, the bill would impose a state-mandated local program. The bill would also make various related conforming changes, including requiring health care practitioners providing telehealth services to practice according to the regulations regarding their profession and receive reimbursements under the Medicaid state plan.

(3) 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.

The people of the State of California do enact as follows:

SECTION 1. Section 686 is added to the Business and Professions Code, to read:

686. A health care practitioner licensed under Division 2 (commencing with Section 500) providing services via telehealth shall be subject to the requirements and definitions set forth in Section 2290.5, to the practice act relating to his or her licensed profession, and to the regulations adopted by a board pursuant to that practice act.

SEC. 2. Section 2028.5 of the Business and Professions Code is amended to read:

2028.5. (a) The board may establish a pilot program to expand the practice of telehealth in this state.

(b) To implement this pilot program, the board may convene a working group of interested parties from the public and private sectors, including, but not limited to, state health-related agencies, health care providers, health plan administrators, information technology groups, and groups representing health care consumers.

(c) The purpose of the pilot program shall be to develop methods, using a telehealth model, to deliver throughout the state health care to persons with chronic diseases as well as information on the best practices for chronic disease management services and techniques and other health care information as deemed appropriate.

(d) The board shall make a report with its recommendations regarding its findings to the Legislature within one calendar year of the commencement date of the pilot program. The report shall include an evaluation of the improvement and affordability of health care services and the reduction in the number of complications achieved by the pilot program.

SEC. 3. Section 4999.90 of the Business and Professions Code is amended to read:

4999.90. The board may refuse to issue any registration or license, or may suspend or revoke the registration or license of any intern or licensed professional clinical counselor, if the applicant, licensee, or registrant has been guilty of unprofessional conduct. Unprofessional conduct includes, but is not limited to, the following:

(a) The conviction of a crime substantially related to the qualifications, functions, or duties of a licensee or registrant under this chapter. The record of conviction shall be conclusive evidence only of the fact that the conviction occurred. The board may inquire into the circumstances surrounding the commission of the crime in order to fix the degree of discipline or to determine if the conviction is substantially related to the qualifications, functions, or duties of a licensee or registrant under this chapter. A plea or verdict of guilty or a conviction following a plea of nolo contendere made to a charge substantially related to the qualifications, functions, or duties of a licensee or registrant under this chapter shall be deemed to be a conviction within the meaning of this section. The board may order any license or registration suspended or revoked, or may decline to issue a license or registration when the time for appeal has elapsed, or the judgment of conviction has been affirmed on appeal, or, when an order granting probation is made suspending the imposition of sentence, irrespective of a subsequent order under Section 1203.4 of the Penal Code allowing the person to withdraw a plea of guilty and enter a plea of not guilty, or setting aside the verdict of guilty, or dismissing the accusation, information, or indictment.

(b) Securing a license or registration by fraud, deceit, or misrepresentation on any application for licensure or registration submitted to the board, whether engaged in by an applicant for a license or registration, or by a licensee in support of any application for licensure or registration.

(c) Administering to himself or herself any controlled substance or using any of the dangerous drugs specified in Section 4022, or any alcoholic beverage to the extent, or in a manner, as to be dangerous or injurious to the person applying for a registration or license or holding a registration or license under this chapter, or to any other person, or to the public, or, to the extent that the use impairs the ability of the person applying for or holding a registration or license to conduct with safety to the public the practice authorized by the registration or license. The board shall deny an application for a registration or license or revoke the license or registration of any person, other than one who is licensed as a physician and surgeon, who uses or offers to use drugs in the course of performing licensed professional clinical counseling services.

(d) Gross negligence or incompetence in the performance of licensed professional clinical counseling services.

(e) Violating, attempting to violate, or conspiring to violate any of the provisions of this chapter or any regulation adopted by the board.

(f) Misrepresentation as to the type or status of a license or registration held by the person, or otherwise misrepresenting or permitting

misrepresentation of his or her education, professional qualifications, or professional affiliations to any person or entity.

(g) Impersonation of another by any licensee, registrant, or applicant for a license or registration, or, in the case of a licensee or registrant, allowing any other person to use his or her license or registration.

(h) Aiding or abetting, or employing, directly or indirectly, any unlicensed or unregistered person to engage in conduct for which a license or registration is required under this chapter.

(i) Intentionally or recklessly causing physical or emotional harm to any client.

(j) The commission of any dishonest, corrupt, or fraudulent act substantially related to the qualifications, functions, or duties of a licensee or registrant.

(k) Engaging in sexual relations with a client, or a former client within two years following termination of therapy, soliciting sexual relations with a client, or committing an act of sexual abuse, or sexual misconduct with a client, or committing an act punishable as a sexually related crime, if that act or solicitation is substantially related to the qualifications, functions, or duties of a licensed professional clinical counselor.

(*l*) Performing, or holding oneself out as being able to perform, or offering to perform, or permitting any trainee, applicant, or registrant under supervision to perform, any professional services beyond the scope of the license authorized by this chapter.

(m) Failure to maintain confidentiality, except as otherwise required or permitted by law, of all information that has been received from a client in confidence during the course of treatment and all information about the client which is obtained from tests or other means.

(n) Prior to the commencement of treatment, failing to disclose to the client or prospective client the fee to be charged for the professional services, or the basis upon which that fee will be computed.

(o) Paying, accepting, or soliciting any consideration, compensation, or remuneration, whether monetary or otherwise, for the referral of professional clients. All consideration, compensation, or remuneration shall be in relation to professional clinical counseling services actually provided by the licensee. Nothing in this subdivision shall prevent collaboration among two or more licensees in a case or cases. However, no fee shall be charged for that collaboration, except when disclosure of the fee has been made in compliance with subdivision (n).

(p) Advertising in a manner that is false, fraudulent, misleading, or deceptive, as defined in Section 651.

(q) Reproduction or description in public, or in any publication subject to general public distribution, of any psychological test or other assessment device, the value of which depends in whole or in part on the naivete of the subject, in ways that might invalidate the test or device.

(r) Any conduct in the supervision of a registered intern, associate clinical social worker, or clinical counselor trainee by any licensee that violates this chapter or any rules or regulations adopted by the board.

(s) Performing or holding oneself out as being able to perform professional services beyond the scope of one's competence, as established by one's education, training, or experience. This subdivision shall not be construed to expand the scope of the license authorized by this chapter.

(t) Permitting a clinical counselor trainee or intern under one's supervision or control to perform, or permitting the clinical counselor trainee or intern to hold himself or herself out as competent to perform, professional services beyond the clinical counselor trainee's or intern's level of education, training, or experience.

(u) The violation of any statute or regulation of the standards of the profession, and the nature of the services being rendered, governing the gaining and supervision of experience required by this chapter.

(v) Failure to keep records consistent with sound clinical judgment, the standards of the profession, and the nature of the services being rendered.

(w) Failure to comply with the child abuse reporting requirements of Section 11166 of the Penal Code.

(x) Failing to comply with the elder and dependent adult abuse reporting requirements of Section 15630 of the Welfare and Institutions Code.

(y) Repeated acts of negligence.

(z) (1) Engaging in an act described in Section 261, 286, 288a, or 289 of the Penal Code with a minor or an act described in Section 288 or 288.5 of the Penal Code regardless of whether the act occurred prior to or after the time the registration or license was issued by the board. An act described in this subdivision occurring prior to the effective date of this subdivision shall constitute unprofessional conduct and shall subject the licensee to refusal, suspension, or revocation of a license under this section.

(2) The Legislature hereby finds and declares that protection of the public, and in particular minors, from sexual misconduct by a licensee is a compelling governmental interest, and that the ability to suspend or revoke a license for sexual conduct with a minor occurring prior to the effective date of this section is equally important to protecting the public as is the ability to refuse a license for sexual conduct with a minor occurring prior to the effective date of this section.

(aa) Engaging in any conduct that subverts or attempts to subvert any licensing examination or the administration of an examination as described in Section 123.

(ab) Revocation, suspension, or restriction by the board of a license, certificate, or registration to practice as a professional clinical counselor, clinical social worker, educational psychologist, or marriage and family therapist.

(ac) Failing to comply with the procedures set forth in Section 2290.5 when delivering health care via telehealth.

(ad) Willful violation of Chapter 1 (commencing with Section 123100) of Part 1 of Division 106 of the Health and Safety Code.

SEC. 4. Section 78910.10 of the Education Code is amended to read:

78910.10. (a) (1) The California Virtual Campus, pursuant to funding provided to the Board of Governors of the California Community Colleges

for this purpose in the annual Budget Act, may pursue all of the following purposes, to the extent funding is available:

(A) To enrich formal and informal educational experiences and improve students' academic performance by supporting the development of highly engaging, research-based innovations in teaching and learning in K–12 public schools and the California Community Colleges, the California State University, and the University of California.

(B) To enhance the awareness of, and access to, highly engaging online courses of study, emphasizing courses of study that support a diverse and highly skilled science, technology, engineering, and mathematics workforce.

(C) To support education research, the implementation of research-based practices, and promote economic development through the use of next generation advanced network infrastructure, services, and network technologies that enable collaboration and resource sharing between formal and informal educators in K–12 public schools, the California Community Colleges, the California State University, the University of California, independent colleges and universities, public libraries, and community-based organizations at locations across the state.

(D) To increase access to next generation Internet services, 21st century workforce development programs, and e-government services for students and staff served or employed by education entities and students served primarily online through partnerships with public libraries and community-based organizations.

(E) To enhance access to health care education and training programs to current or future health care workers.

(F) To manage digital assets and develop contracts for services necessary to provide the technical and management support needed to maximize the benefits of the high-speed, high-bandwidth network infrastructure available to public higher education entities in California.

(G) Through the aggregation of demand for network enabled technologies and related services from public education entities, and through partnerships with the private sector, to provide education entities with access to technical support and staff who can facilitate statewide efforts that support innovations in teaching and learning that are necessary to provide for a well-educated citizenry, and economic and 21st century workforce development.

(2) To accomplish the purposes of paragraph (1), the California Virtual Campus may partner with local educational agencies, the State Department of Education, the 11 regional California Technology Assistance Projects, the California Community Colleges, the California State University, the University of California, independent colleges and universities, public libraries, and community-based organizations to facilitate ongoing collaboration and joint efforts relating to the use of technology resources and high-speed Internet connectivity to support teaching, learning, workforce development, and research.

(3) Efforts conducted as a result of this chapter shall not prohibit or otherwise exclude the ability of existing or new educational technology programs from being developed, expanded, or enhanced.

(b) For purposes of this article, the following terms have the following meanings:

(1) "Online courses of study" means any of the following:

(A) Online teaching, learning, and research resources, including, but not necessarily limited to, books, course materials, video materials, interactive lessons, tests, or software, the copyrights of which have expired, or have been released with an intellectual property license that permits their free use or repurposing by others without the permission of the original authors or creators of the learning materials or resources.

(B) Professional development opportunities for formal and informal educators who desire to use the resources in subparagraph (A).

(C) Online instruction.

(2) "Online instruction" means technology enabled online real time (synchronous) interaction between the instructor and the student, near time (asynchronous) interaction between the instructor and the student, or any combination thereof.

(c) The California Virtual Campus grant recipient may accomplish all of the following:

(1) Convene at least four leadership stakeholder group meetings annually comprised of representatives from the State Department of Education, the California Technology Assistance Project, and other related programs administered through the department, local education agencies, including adult education, the California Community Colleges, the California State University, the University of California, independent colleges and universities, the California State Library, and representatives from community-based organizations to ensure the efforts affecting segments represented are appropriately meeting the needs of those segments. The leadership stakeholder group shall also coordinate and obtain assistance with the implementation of efforts delineated in this article, to identify and maintain an up-to-date list of the technology resources and tools that are necessary to support innovation in teaching and learning, and to identify opportunities for leveraging resources and expertise for meeting those needs in an efficient and cost-effective manner.

(2) Lead efforts to make online courses of study available across the state that include, but are not limited to, the following:

(A) Developing online courses of study that are pedagogically sound and fully accessible, in compliance with the federal Americans with Disabilities Act (Public Law 101-336), by students with varying learning styles and disabilities.

(i) The development of K–12 online courses pursuant to this subparagraph shall be achieved in partnership with local education agencies and the California Technology Assistance Project.

(ii) Online courses developed for grades K–12 pursuant to this subparagraph shall be aligned to the California academic content standards and guidelines for online courses.

(B) Overseeing the development of at least 12 model online courses of study that, collectively, would allow students to meet the requirements of

the Intersegmental General Education Transfer Curriculum (IGETC) and at least two courses that support basic skills education courses in English, English as a second language, or mathematics.

(C) Encouraging the entities listed in paragraph (1) to do both of the following:

(i) Make accessible to each other their courses of study that are funded by the state.

(ii) Allow their courses of study to be accessible to the general public if they determine access would not inhibit their ability to provide appropriate protection of the state's intellectual property rights.

(3) Ensure that the learning objects created as part of the California Virtual Campus online courses of study with state General Fund revenues are linked to digital content libraries that include information about course content freely available to California educators and students.

(4) Develop formal partnership agreements between the entities listed in paragraph (1) and the California Virtual Campus, including course articulation agreements that allow qualified high school students to accelerate the completion of requirements for a high school diploma and a two-year or four-year degree and agreements that provide opportunities for part-time faculty teaching online to obtain full-time employment teaching online.

(5) Develop formal partnership agreements with the entities listed in paragraph (1) and others to enhance access to professional development courses that introduce faculty, teachers, staff, and college course developers to the conceptual development, creation, and production methodologies that underlie the development of online courses of study and support students' successful completion of those courses. The professional development opportunities may include, but not necessarily be limited to, all of the following:

(A) Addressing issues relating to copyright, permission for the use or reuse of material, use of resources in the public domain, and other intellectual property concepts.

(B) Accessibility for students with disabilities.

(C) Factors to ensure that content is culturally relevant to a diverse student body.

(D) Delivery options that incorporate multiple learning styles and strategies.

(6) Develop formal partnership agreements with entities, including, but not limited to, those listed in paragraph (1), to ensure access to online professional learning communities that incorporate the use of Internet-based collaboration tools and to support joint discussions between K–12 educators, higher education faculty and staff, and others to examine student performance data, student learning objectives, curriculum, and other issues that relate to students' academic success and preparation for the workforce.

(7) In partnership with entities, including those listed in paragraph (1), develop an e-portfolio system that allows participating students to demonstrate their attainment of academic learning objectives, skills and knowledge that relate to their career interests, and completion of prerequisites

for participation in courses or training programs. The e-portfolio system may do all of the following:

(A) Ensure that student privacy is protected in accordance with existing law.

(B) Comply with accessibility laws for students with disabilities.

(C) Be designed in a manner that supports the use of e-portfolio content in the accreditation requirements of schools, colleges, and universities.

(8) In partnership with entities, including those listed in paragraph (1), identify opportunities to enhance students' access to medical education and medical services through the use of high-speed Internet connections to the campuses, and opportunities for education programs and services to support the telehealth efforts taking place within the state.

(d) The lead agency for the California Virtual Campus, in consultation with the leadership stakeholder group described in paragraph (1) of subdivision (c) if that group is convened by the California Virtual Campus grant recipient, shall contract with an independent third party with expertise in online teaching, learning, and the development of online courses of study, as approved by the board, to evaluate the California Virtual Campus. The evaluation shall include, but not be limited to, an assessment of the number of faculty, teachers, consortia, informal educators, and students that use the online courses of study, the quality of students' experiences, student grades earned, and the cost of the online course content, comparing the online course content with traditional textbooks. The board may require additional information that it determines to be necessary to evaluate the effectiveness and viability of the California Virtual Campus. This evaluation shall be submitted to the Legislature no later than three years after the enactment of this act.

SEC. 5. Section 101041 of the Education Code is amended to read:

101041. (a) From the proceeds of bonds issued and sold pursuant to Article 4 (commencing with Section 101050), the sum of eight hundred ninety million dollars ($890,000,000) shall be deposited in the 2006 University Capital Outlay Bond Fund for the purposes of this article. When appropriated, these funds shall be available for expenditure for the purposes of this article.

(b) The purposes of this article include assisting in meeting the capital outlay financing needs of the University of California and the Hastings College of the Law.

(c) Of the amount made available under subdivision (a), the amount of two hundred million dollars ($200,000,000) shall be used for capital improvements that expand and enhance medical education programs with an emphasis on telehealth aimed at developing high-tech approaches to health care.

(d) Proceeds from the sale of bonds issued and sold for the purposes of this article may be used to fund construction on existing campuses, including the construction of buildings and the acquisition of related fixtures, construction of facilities that may be used by more than one segment of public higher education (intersegmental), the renovation and reconstruction

of facilities, site acquisition, the equipping of new, renovated, or reconstructed facilities, which equipment shall have an average useful life of 10 years; and to provide funds for the payment of preconstruction costs, including, but not limited to, preliminary plans and working drawings for facilities of the University of California and the Hastings College of the Law.

SEC. 6. Section 1374.13 of the Health and Safety Code is amended to read:

1374.13. (a) For the purposes of this section, the definitions in subdivision (a) of Section 2290.5 of the Business and Professions Code shall apply.

(b) It is the intent of the Legislature to recognize the practice of telehealth as a legitimate means by which an individual may receive health care services from a health care provider without in-person contact with the health care provider.

(c) No health care service plan shall require that in-person contact occur between a health care provider and a patient before payment is made for the covered services appropriately provided through telehealth, subject to the terms and conditions of the contract entered into between the enrollee or subscriber and the health care service plan, and between the health care service plan and its participating providers or provider groups.

(d) No health care service plan shall limit the type of setting where services are provided for the patient or by the health care provider before payment is made for the covered services appropriately provided through telehealth, subject to the terms and conditions of the contract entered into between the enrollee or subscriber and the health care service plan, and between the health care service plan and its participating providers or provider groups.

(e) The requirements of this section shall also apply to health care service plan and Medi-Cal managed care plan contracts with the State Department of Health Care Services pursuant to Chapter 7 (commencing with Section 14000) or Chapter 8 (commencing with Section 14200) of Part 3 of Division 9 of the Welfare and Institutions Code.

(f) Notwithstanding any other provision, this section shall not be interpreted to authorize a health care service plan to require the use of telehealth when the health care provider has determined that it is not appropriate.

SEC. 7. Section 1375.1 of the Health and Safety Code is amended to read:

1375.1. (a) Every plan shall have and shall demonstrate to the director that it has all of the following:

(1) A fiscally sound operation and adequate provision against the risk of insolvency.

(2) Assumed full financial risk on a prospective basis for the provision of covered health care services, except that a plan may obtain insurance or make other arrangements for the cost of providing to any subscriber or enrollee covered health care services, the aggregate value of which exceeds

five thousand dollars ($5,000) in any year, for the cost of covered health care services provided to its members other than through the plan because medical necessity required their provision before they could be secured through the plan, and for not more than 90 percent of the amount by which its costs for any of its fiscal years exceed 115 percent of its income for that fiscal year.

(3) A procedure for prompt payment or denial of provider and subscriber or enrollee claims, including those telehealth services, as defined in subdivision (a) of Section 2290.5 of the Business and Professions Code, covered by the plan. Except as provided in Section 1371, a procedure meeting the requirements of Subchapter G of the regulations (29 C.F.R. Part 2560) under Public Law 93-406 (88 Stats. 829-1035, 29 U.S.C. Secs. 1001 et seq.) shall satisfy this requirement.

(b) In determining whether the conditions of this section have been met, the director shall consider, but not be limited to, the following:

(1) The financial soundness of the plan's arrangements for health care services and the schedule of rates and charges used by the plan.

(2) The adequacy of working capital.

(3) Agreements with providers for the provision of health care services.

(c) For the purposes of this section, "covered health care services" means health care services provided under all plan contracts.

SEC. 8. Section 123149.5 of the Health and Safety Code is amended to read:

123149.5. (a) It is the intent of the Legislature that all medical information transmitted during the delivery of health care via telehealth, as defined in subdivision (a) of Section 2290.5 of the Business and Professions Code, become part of the patient's medical record maintained by the licensed health care provider.

(b) This section shall not be construed to limit or waive any of the requirements of Chapter 1 (commencing with Section 123100) of Part 1 of Division 106 of the Health and Safety Code.

SEC. 9. Section 127620 of the Health and Safety Code is amended to read:

127620. (a) The Office of Statewide Health Planning and Development, in conjunction with the State Department of Health Services, shall act as the coordinating agency to develop a strategic plan that would assist rural California to prepare for health care reform. The plan shall assist in the coordination and integration of all rural health care services on the birth to death continuum and serve as an infrastructure for rural communities to establish priorities and develop appropriate programs.

(b) The office shall designate representatives from provider groups including rural hospitals, clinics, physicians, other rural providers including psychologists, counties, beneficiaries, and other entities directly affected by the plan. The office shall convene meetings with the objectives of doing all of the following:

(1) Assessing the current status of health care in rural communities.

(2) Assembling and reviewing data related to available programs and resources for rural California.

(3) Assembling and reviewing data related to other states' strategic plans for rural communities.

(4) Reviewing and integrating the office's rural work plan, as appropriate.

(5) Making assumptions about the future of health care and developing a strategic plan based on these assumptions.

(c) The rural health care strategic plan shall address all of the following:

(1) The special needs of the elderly and of ethnic populations.

(2) Elimination of barriers in planning and coordinating health services.

(3) The lack of primary and specialty providers.

(4) Access to emergency services.

(5) The role of new technologies, including, but not limited to, telehealth.

SEC. 10. Section 10123.13 of the Insurance Code is amended to read:

10123.13. (a) Every insurer issuing group or individual policies of health insurance that covers hospital, medical, or surgical expenses, including those telehealth services covered by the insurer as defined in subdivision (a) of Section 2290.5 of the Business and Professions Code, shall reimburse claims or any portion of any claim, whether in state or out of state, for those expenses as soon as practical, but no later than 30 working days after receipt of the claim by the insurer unless the claim or portion thereof is contested by the insurer, in which case the claimant shall be notified, in writing, that the claim is contested or denied, within 30 working days after receipt of the claim by the insurer. The notice that a claim is being contested or denied shall identify the portion of the claim that is contested or denied and the specific reasons including for each reason the factual and legal basis known at that time by the insurer for contesting or denying the claim. If the reason is based solely on facts or solely on law, the insurer is required to provide only the factual or the legal basis for its reason for contesting or denying the claim. The insurer shall provide a copy of the notice to each insured who received services pursuant to the claim that was contested or denied and to the insured's health care provider that provided the services at issue. The notice shall advise the provider who submitted the claim on behalf of the insured or pursuant to a contract for alternative rates of payment and the insured that either may seek review by the department of a claim that the insurer contested or denied, and the notice shall include the address, Internet Web site address, and telephone number of the unit within the department that performs this review function. The notice to the provider may be included on either the explanation of benefits or remittance advice and shall also contain a statement advising the provider of its right to enter into the dispute resolution process described in Section 10123.137. The notice to the insured may also be included on the explanation of benefits.

(b) If an uncontested claim is not reimbursed by delivery to the claimant's address of record within 30 working days after receipt, interest shall accrue and shall be payable at the rate of 10 percent per annum beginning with the first calendar day after the 30-working day period.

(c) For purposes of this section, a claim, or portion thereof, is reasonably contested when the insurer has not received a completed claim and all information necessary to determine payer liability for the claim, or has not been granted reasonable access to information concerning provider services. Information necessary to determine liability for the claims includes, but is not limited to, reports of investigations concerning fraud and misrepresentation, and necessary consents, releases, and assignments, a claim on appeal, or other information necessary for the insurer to determine the medical necessity for the health care services provided to the claimant. If an insurer has received all of the information necessary to determine payer liability for a contested claim and has not reimbursed a claim determined to be payable within 30 working days of receipt of that information, interest shall accrue and be payable at a rate of 10 percent per annum beginning with the first calendar day after the 30-working day period.

(d) The obligation of the insurer to comply with this section shall not be deemed to be waived when the insurer requires its contracting entities to pay claims for covered services.

SEC. 11. Section 10123.147 of the Insurance Code is amended to read:

10123.147. (a) Every insurer issuing group or individual policies of health insurance that covers hospital, medical, or surgical expenses, including those telehealth services covered by the insurer as defined in subdivision (a) of Section 2290.5 of the Business and Professions Code, shall reimburse each complete claim, or portion thereof, whether in state or out of state, as soon as practical, but no later than 30 working days after receipt of the complete claim by the insurer. However, an insurer may contest or deny a claim, or portion thereof, by notifying the claimant, in writing, that the claim is contested or denied, within 30 working days after receipt of the complete claim by the insurer. The notice that a claim, or portion thereof, is contested shall identify the portion of the claim that is contested, by revenue code, and the specific information needed from the provider to reconsider the claim. The notice that a claim, or portion thereof, is denied shall identify the portion of the claim that is denied, by revenue code, and the specific reasons for the denial, including the factual and legal basis known at that time by the insurer for each reason. If the reason is based solely on facts or solely on law, the insurer is required to provide only the factual or legal basis for its reason to deny the claim. The insurer shall provide a copy of the notice required by this subdivision to each insured who received services pursuant to the claim that was contested or denied and to the insured's health care provider that provided the services at issue. The notice required by this subdivision shall include a statement advising the provider who submitted the claim on behalf of the insured or pursuant to a contract for alternative rates of payment and the insured that either may seek review by the department of a claim that was contested or denied by the insurer and the address, Internet Web site address, and telephone number of the unit within the department that performs this review function. The notice to the provider may be included on either the explanation of benefits or remittance advice and shall also contain a statement advising the provider of its right to enter

into the dispute resolution process described in Section 10123.137. An insurer may delay payment of an uncontested portion of a complete claim for reconsideration of a contested portion of that claim so long as the insurer pays those charges specified in subdivision (b).

(b) If a complete claim, or portion thereof, that is neither contested nor denied, is not reimbursed by delivery to the claimant's address of record within the 30 working days after receipt, the insurer shall pay the greater of fifteen dollars ($15) per year or interest at the rate of 10 percent per annum beginning with the first calendar day after the 30-working day period. An insurer shall automatically include the fifteen dollars ($15) per year or interest due in the payment made to the claimant, without requiring a request therefor.

(c) For the purposes of this section, a claim, or portion thereof, is reasonably contested if the insurer has not received the completed claim. A paper claim from an institutional provider shall be deemed complete upon submission of a legible emergency department report and a completed UB 92 or other format adopted by the National Uniform Billing Committee, and reasonable relevant information requested by the insurer within 30 working days of receipt of the claim. An electronic claim from an institutional provider shall be deemed complete upon submission of an electronic equivalent to the UB 92 or other format adopted by the National Uniform Billing Committee, and reasonable relevant information requested by the insurer within 30 working days of receipt of the claim. However, if the insurer requests a copy of the emergency department report within the 30 working days after receipt of the electronic claim from the institutional provider, the insurer may also request additional reasonable relevant information within 30 working days of receipt of the emergency department report, at which time the claim shall be deemed complete. A claim from a professional provider shall be deemed complete upon submission of a completed HCFA 1500 or its electronic equivalent or other format adopted by the National Uniform Billing Committee, and reasonable relevant information requested by the insurer within 30 working days of receipt of the claim. The provider shall provide the insurer reasonable relevant information within 15 working days of receipt of a written request that is clear and specific regarding the information sought. If, as a result of reviewing the reasonable relevant information, the insurer requires further information, the insurer shall have an additional 15 working days after receipt of the reasonable relevant information to request the further information, notwithstanding any time limit to the contrary in this section, at which time the claim shall be deemed complete.

(d) This section shall not apply to claims about which there is evidence of fraud and misrepresentation, to eligibility determinations, or in instances where the plan has not been granted reasonable access to information under the provider's control. An insurer shall specify, in a written notice to the provider within 30 working days of receipt of the claim, which, if any, of these exceptions applies to a claim.

(e) If a claim or portion thereof is contested on the basis that the insurer has not received information reasonably necessary to determine payer liability for the claim or portion thereof, then the insurer shall have 30 working days after receipt of this additional information to complete reconsideration of the claim. If a claim, or portion thereof, undergoing reconsideration is not reimbursed by delivery to the claimant's address of record within the 30 working days after receipt of the additional information, the insurer shall pay the greater of fifteen dollars ($15) per year or interest at the rate of 10 percent per annum beginning with the first calendar day after the 30-working day period. An insurer shall automatically include the fifteen dollars ($15) per year or interest due in the payment made to the claimant, without requiring a request therefor.

(f) An insurer shall not delay payment on a claim from a physician or other provider to await the submission of a claim from a hospital or other provider, without citing specific rationale as to why the delay was necessary and providing a monthly update regarding the status of the claim and the insurer's actions to resolve the claim, to the provider that submitted the claim.

(g) An insurer shall not request or require that a provider waive its rights pursuant to this section.

(h) This section shall apply only to claims for services rendered to a patient who was provided emergency services and care as defined in Section 1317.1 of the Health and Safety Code in the United States on or after September 1, 1999.

(i) This section shall not be construed to affect the rights or obligations of any person pursuant to Section 10123.13.

(j) This section shall not be construed to affect a written agreement, if any, of a provider to submit bills within a specified time period.

SEC. 12. Section 14132.725 of the Welfare and Institutions Code is amended to read:

14132.725. (a) Commencing July 1, 2006, to the extent that federal financial participation is available, face-to-face contact between a health care provider and a patient shall not be required under the Medi-Cal program for teleophthalmology and teledermatology by store and forward. Services appropriately provided through the store and forward process are subject to billing and reimbursement policies developed by the department.

(b) For purposes of this section, "teleophthalmology and teledermatology by store and forward" means an asynchronous transmission of medical information to be reviewed at a later time by a physician at a distant site who is trained in ophthalmology or dermatology or, for teleophthalmology, by an optometrist who is licensed pursuant to Chapter 7 (commencing with Section 3000) of Division 2 of the Business and Professions Code, where the physician or optometrist at the distant site reviews the medical information without the patient being present in real time. A patient receiving teleophthalmology or teledermatology by store and forward shall be notified of the right to receive interactive communication with the distant specialist physician or optometrist, and shall receive an interactive communication

with the distant specialist physician or optometrist, upon request. If requested, communication with the distant specialist physician or optometrist may occur either at the time of the consultation, or within 30 days of the patient's notification of the results of the consultation. If the reviewing optometrist identifies a disease or condition requiring consultation or referral pursuant to Section 3041 of the Business and Professions Code, that consultation or referral shall be with an ophthalmologist or other appropriate physician and surgeon, as required.

(c) 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, and make specific this section by means of all-county letters, provider bulletins, and similar instructions.

(d) On or before January 1, 2008, the department shall report to the Legislature the number and type of services provided, and the payments made related to the application of store and forward telehealth as provided, under this section as a Medi-Cal benefit.

SEC. 13. Section 14132.73 of the Welfare and Institutions Code is amended to read:

14132.73. The State Department of Health Care Services shall allow psychiatrists to receive fee-for-service Medi-Cal reimbursement for services provided through telehealth in accordance with the Medicaid state plan.

SEC. 14. Section 14594 is added to the Welfare and Institutions Code, to read:

14594. (a) For the purposes of this section, the definitions in subdivision (a) of Section 2290.5 of the Business and Professions Code shall apply.

(b) It is the intent of the Legislature to recognize the practice of telehealth as a legitimate means by which an individual may receive health care services from a health care provider without in-person contact with the health care provider.

(c) No PACE organization shall require that in-person contact occur between a health care provider and a patient before payment is made for the covered services appropriately provided through telehealth, subject to the terms and conditions of the contract entered into between the enrollee or subscriber and the PACE organization, and between the PACE organization and its participating providers or provider groups.

(d) No PACE organization shall limit the type of setting where services are provided for the patient or by the health care provider before payment is made for the covered services appropriately provided through telehealth, subject to the terms and conditions of the contract entered into between the enrollee or subscriber and the PACE organization, and between the PACE organization and its participating providers or provider groups.

(e) Notwithstanding any other provision, this section shall not be interpreted to authorize a PACE organization to require the use of telehealth when the health care provider has determined that it is not appropriate.

SEC. 15. 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.

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