STATE OF CALIFORNIA
DEPARTMENT OF MANAGED HEALTH CARE

TITLE 28, CALIFORNIA CODE OF REGULATIONS
DIVISION 1. THE DEPARTMENT OF MANAGED HEALTH CARE
CHAPTER 2. HEALTH CARE SERVICE PLANS
ARTICLE 3. PLAN APPLICATION AND AMENDMENTS

PROPOSED AMENDMENT OF ARTICLE 3, ADDING SECTION 1300.51.01
FINAL TEXT

§ 1300.51.01 Application for Licensure as a Discount Health Plan

(a) An application for licensure as a discount health plan shall be filed in the form specified in subsection (b) and shall contain the information and documents specified in Article 2.5 and this section, and prepared as required by Rules 1300.41.8, 1300.52.1 and 1300.52.4.

(b) Application for Licensure as a Discount Health Plan.

OFFICIAL USE ONLY
Department of Managed Care

DISCOUNT HEALTH PLAN LICENSE APPLICATION
KNOX-KEENE HEALTH CARE SERVICE PLAN ACT
(EXECUTION PAGE)

File Number: 933-_____

IDENTIFICATION OF DISCOUNT HEALTH PLAN

1. Name of Applicant

a. Legal Name of Discount Health Plan License Applicant:

_____

b. Please list all fictitious names you intend to use:

_____

2. Applicant's Principal Executive Office address:

_____
Street Address or P.O. Box Number

_____
City, State, and ZIP Code

Phone Number: (_____)
Area Code

Mailing Address, if different:

_____
Street Address or P.O. Box Number

_____
City, State ZIP Code

3. Person who is to receive communications regarding this filing.
Note: While this Application is pending, the Department will correspond only with this person.

Contact's Name: _____
Contact's Full Name – First, Middle, and Last Names

Contact's Title: _____

Mailing Address: _____

Street Address or P.O. Box Number

City, State ZIP Code

Phone Number: ( )
Area Code

4. Execution: The applicant has duly caused this application to be signed on its behalf by the undersigned, thereunto duly authorized.

Full Name – First, Middle, and Last Names or Entity

Signed By:

Print or Type Full Name – First, Middle, and Last Names

Title:

I certify (or declare) under penalty of perjury under the laws of the State of California that I have read this application and the exhibits and attachments thereto, and know the contents thereof, and that the statements therein are trueand correct.

Executed at on

City and State

Today's Date – Month Day, Year

Signature:

A. Type of Filing: Indicate the type of filing by checking and completing the appropriate items:

1. ☐ Original application for a discount health plan license.

2. ☐ Amendment number to a pending license application dated

2nd, 3rd, etc.

Original Application Date – MM/DD/YYYY

(Complete Item A-5 below.)

3. ☐ Notice of a proposed material modification in the form required by Rule 1300.52.1 (Complete Item A-5 below.).

4. ☐ Amendment filed by a discount health plan pursuant to Section 1352(a) because of a change in the information contained in the original license application (See Rule 1300.52 and complete Item A-5 below.).

5. ☐ Item numbers being amended:

6. ☐ Exhibit numbers being amended:

B. Type of Plan Contract(s): Indicate the type of plan contract(s) by checking and completing the statements, which most accurately describe the plan:

1. Medical Discount Health Plan Contracts, which provide discounts on one or more of the seven basic health care services listed in Section 1345(b) of the Act. (Check all of the categories of health care services for which discounts are provided, as applicable, and if discounts on any of the health care services listed in Item B-2 will also be offered, check all that apply in Item B-2.

- ❑ Physician Services General Physician
- ❑ Physician Services Specialist Physician
- ❑ Hospital Inpatient Services
- ❑ Diagnostic Laboratory Services
- ❑ Diagnostic & Therapeutic Radiologic Services
- ❑ Ambulatory Care Services (specify, e.g. physical therapy, etc.)
- ❑ Mental Health Services
- ❑ Hospice Care Services
- ❑ Home Health Services
- ❑ Pharmacy Services
- ❑ Telephone Medical Advice Services
- ❑ Durable Medical Equipment
- ❑ Preventive Services
- ❑ Emergency Services
- ❑ Ambulance Services
- ❑ Other: _____

Explain

2. Specialized Discount Health Plan Contracts.

- ❑ Dental
- ❑ Vision
- ❑ Mental Health
- ❑ Chiropractic
- ❑ Acupuncture
- ❑ Other: _____

Explain

C. Name and address or officer or partner of applicant who is to receive compliance and informational communications from the Department and is responsible for disseminating the same within applicant's organization. (Note: After the application is approved, and except with respect to amendments and material modifications, the Department will correspond only with this person, unless the Department and applicant agree to other arrangements.

Contact's Name: _____

Contact's Full Name – First, Middle, and Last Names

Contact's Title: _____

Mailing Address: _____

Street Address or P O Box Number

City, State ZIP Code

Phone Number: ( )
Area Code

D. Other Agencies.

1. If applicant has made or intends to make any filing relating to its plan to any other state or federal agency, check here ❑, and attach Exhibit D-2 identifying each such agency, and the nature, purpose, and (projected) date of each such filing.

2. List all states in which the applicant is currently offering discount health care services, if not reflected in applicant's response to item D.1.

An original application for a discount health care service plan license must include the completed form specified in this subsection and the exhibits required by Subsection (c).

(c) Exhibits to Plan Application.

E. Summary of Information in Application.

As Exhibit E-1 and E-2, please file the information and documentation required by Rule 1300.51(d), Items E-1 and E-2.

F. Organization and Affiliated Persons.

As Exhibits F-1 through F-5, please file the information and documentation required by Rule 1300.51(d), Items F-1 through F-5, as applicable to the applicant's organization.

G. Miscellaneous.

As Exhibit G-1 and G-2, please file the information and documentation required by Rule 1300.51(d), Items G-1 and G-2.

HEALTH CARE DELIVERY SYSTEM

H. Geographical Area Served

1. Description of Service Area.

As Exhibit H-1, please attach a narrative description of the applicant's service area and the geographic area in which its enrollees (actual and/or projected) live and work, and list all counties, and all U.S. Postal ZIP Code numbers within each county in the service area.

I. Description of Health Care Arrangements.

As Exhibit I, please attach the applicant's provider directory of all individual providers in the applicant's California network, containing the information required by Section 1300.49.1.5(c).

J. Internal Quality and Compliance Review System.

Applicant is required to have a documented system sufficient to ensure compliance with the requirements of Article 2.5 of Title 28, including processes by which the applicant will identify, evaluate, and remedy problems relating to accessibility and availability of the advertised discounted services, and a system for referring to appropriate regulatory agencies complaints and grievances from enrollees regarding provider quality of care.

Attach as Exhibit J a description of the basic structure, organization and authority of the applicant's systems for reviewing and ensuring the accessibility and availability of contracted providers, and the accessibility and availability of the advertised discounts, including:

a. An organization chart showing the key persons, the committees and bodies responsible for the conduct of the review system, and their relationship to the general organization of the applicant.

b. A narrative explanation of the quality assurance review system, including the frequency and scope of audits or other oversight mechanisms, the utilization of the audit or other oversight mechanism results, and the processes for identifying, evaluating, and remedying problems relating to access to discounts.

c. A narrative explanation describing how the plan's operations are in compliance with Rules 1300.49.1.4, 1300.49.1.5, and 1300.49.1.8.

K. Contracts with Providers.

As Exhibits K-1, K-2, and K-3, please file the information and documentation required by Rule 1300.51(d), Items K-1, K-2, and K-3. In lieu of the provisions set forth in Item K-2 in Rule 1300.51(d), please include, in the compliance chart filed under Exhibit K-2, specific reference to the following provisions of the Act and Rules.

Sections of the Act: 1367(a), (b), and (c); and 1379.
Sections of Title 28: 1300.49.1.12(a) – (c); 1300.67.8(a)(- (d).

ADMINISTRATION OF THE PLAN

L. Organization Chart.

As Exhibit L, please file the information and documentation required by Rule 1300.51(d) Item L.

M. Narrative Information.

As Exhibits M-1 and M-2, please file the information and documentation required by Rule 1300.51(d) Items M-1 and M-2. Please include information sufficient to demonstrate the applicant's compliance with the administrative capacity requirements of Section 1367(g) of the Act and Rule 1300.49.1.9(c).

N. Contracts for Administrative Services.

As Exhibits N-1 and N-2, please file the information and documentation required by Rule 1300.51(d), Items N-1 and N-2.

O. Separation of Medical Services from Fiscal and Administrative Management

As Exhibit O, please file the information required by Rule 1300.51(d) Item O.

SUBSCRIBER CONTRACTS AND DISCLOSURES

In lieu of the provisions set forth in the preface to Items (P) and (Q) in Rule 1300.51(d), please include, in the compliance charts filed under Exhibit P-2 and Exhibit Q-2, respectively, specific reference to the following provisions of the Act and Rules.

Sections of the Act: 1345; 1362; 1365
Sections of Title 28: 1300.49.1.2; 1300.49.1.7(a)-(c), 1300.49.1.11; 1300.67.4

P. Group Discount Health Plan Contracts.

As Exhibits P-1 through P-4, please attach the information and documentation required by the corresponding Exhibits in Rule 1300.51(d), Items P-1 through P-4. Please also describe the plan's method of compliance with Rule 1300.49.1.11.

Q. Individual Discount Health Plan Contracts.

As Exhibits Q-1 through Q-4, please attach the information and documentation required by Rule 1300.51(d), Items Q-1 through Q-4. Please also describe the plan's method of compliance with Rule 1300.49.1.11.

S. Subscriber and Enrollee Disclosure Forms

As Exhibits S-1 and S-2, please file the information and documentation required by Rule 1300.51(d), Items S-1 and S-2. In lieu of the provisions set forth in Item (S-2) in Rule 1300.51(d), please include, in the compliance charts filed under Exhibit S-2, specific reference to the following provisions of the Act and Rules.

Sections of the Act: 1345; 1362; 1363(a)(1)-(8); 1363(a)(10).
Sections of Title 28: 1300.49.1.2; 1300.49.1.4, 1300.49.1.7(a)-(c), 1300.49.1.10 (b)-(d); 1300.49.1.10, 1300.49.1.11, and 1300.63.2(c)(1)–(16).

V. Advertising.

As Exhibit V, please file the information and documentation required by the corresponding Exhibits in Rule 1300.51(d), Item V, and in the manner prescribed by Section 1300.61 of Title 28.

Sections of the Act: 1345; 1348, 1359, 1360, 1360.1, 1361, 1362.
Sections of Title 28: 1300.49.1.3; 1300.49.1.8, 1300.61, 1300.61.1, 1300.61.3.

W. Enrollee/Subscriber Grievance Procedures.

As Exhibits W-1, W-2, and W-3, please file the information and documentation required by Rule 1300.51(d), Items W-1, W-2, and W-3, including information sufficient to demonstrate compliance with Section 1368(a) of the Act and Section 1300.68 of Title 28, except that subsections (b)(7), (d)(4), (d)(5), (f) and (i) of Section 1300.68 shall not apply to discount health plans.

MARKETING OF PLAN CONTRACTS

Y. Marketing of Group Contracts.

As Exhibit Y, please file the information required by Rule 1300.51(d), Item Y. Please include a description of how the applicant will maintain compliance with Sections 1360, 1363(d),(e), (f) and (g), and 1395(a) of the Act, and Sections 1300.49.1.3, 1300.49.1.4, 1300.49.1.8, 1300.59, 1300.76.2, and 1300.85.1 of Title 28.

Z. Marketing of Individual Contracts.

As Exhibit Z, please file the information required by Rule 1300.51(d), Item Z. Please include a description of how the applicant will comply with Sections 1360, 1363(d), (e), (f) and (g), and 1395(a) of the Act, and Sections 1300.49.1.3, 1300.49.1.4, 1300.49.1.8, 1300.59, 1300.76.2, and 1300.85.1 of Title 28.

AA. Supervision of Marketing.

As Exhibit AA, please file the information required by Rule 1300.51(d), Item AA. Please include information explaining how the applicant will ensure compliance with the requirements of Sections 1360, 1361, and 1395(a) of the Act and Sections 1300.49.1.3, 1300.59, 1300.61 and 1300.61.3 of Title 28.

BB. Solicitation Contracts.

As Exhibit BB-1 through 3, please file the information required by Rule 1300.51(d), Item BB-1 through 3.

FF. Prepaid and Periodic Charges.

As Exhibit FF-1 through 3, please file the information required by Rule 1300.51(d), Items FF-1 through 3.

FINANCIAL VIABILITY

GG. Current Financial Viability, Including Tangible Net Equity.

As Exhibit GG-1 and 2, please file the information required by Rule 1300.51(d), Items GG-1 and 2.

HH. Projected Financial Viability

As Exhibits HH-1, 2, 3, 5, and 6, please file the information and documentation required by Rule 1300.51(d), Items HH-1, 2, 3, 5, and 6, except that the information required by Item HH-6-a is not required. A discount health plan applicant may satisfy the requirements of Exhibits HH-1 through 3 by demonstrating a minimum of five years operational experience with stable and robust financial viability through the information and documentation submitted in Exhibit GG, or by demonstrating that the plan has a net worth of $150,000, or that the plan has obtained a surety bond in the amount of $50,000.

II. Fiscal Arrangements.

As Exhibit II, please file the information and documentation required by Rule 1300.51(d), Item II-5

AUTHORITY: Section 1344, Health and Safety Code
REFERENCE: Sections 1345, 1348, 1349, 1351, 1351.1, 1351.3, 1352, 1359, 1360, 1360.1, 1361, 1362, 1363, 1365, 1367, 1368, 1373.7, 1373.8, 1375.1, 1376, 1378, 1379, 1386, 1395, and 1396, Health and Safety Code