



## CAHP IMPLEMENTATION GUIDELINE

### AB 2157 (Wood) Chapter 278, Statutes of 2020

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*As a service to our members, the California Association of Health Plans produces guidelines designed to assist in the interpretation and implementation of new laws, and to promote full compliance with those laws. This document, however, is not intended to be authoritative. Any questions about official interpretations of the law should be directed to the appropriate state regulatory agency such as the Department of Managed Health Care or the Department of Health Care Services, as well as your legal counsel.*

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#### **HEALTH CARE COVERAGE: INDEPENDENT DISPUTE RESOLUTION PROCESS**

##### BACKGROUND

Assembly Bill 2157 was introduced by Assembly Health Committee Chairman Jim Wood (D-Healdsburg) and was sponsored by the California Society of Anesthesiologists. The measure was introduced to address concerns from the provider community about the Independent Dispute Resolution Process (IDRP) enacted under AB 72 (Bonta) Statutes of Chapter 942, Statutes of 2016.

AB 72 protects consumers from balance billing by hospital-based providers for non-emergency services provided by non-contracted providers at contracted facilities. It also establishes a default payment rate, which is the greater of the average of the health plan's contracted rate, as specified, or 125% of the amount Medicare reimburses for the same or similar services.

The Department of Managed Health Care (DMHC) is authorized to contract with one or more independent organizations to conduct the IDRP for claims payment disputes between payers and non-contracting providers as specified under AB 72. On September 1, 2017, the DMHC began implementation of the IDRP. As part of the implementation process, the DMHC developed an online IDRP submission website in partnership with an IDRP vendor to collect relevant information from the involved parties.

Specifically, this bill embodies communications between the DMHC and provider organizations, such as the California Medical Association (CMA) and the anesthesiologists (attached). The correspondence between the providers and the DMHC contains feedback about the IDRP process. A primary concern by the providers was that, in their view, the IDRP process does not appropriately protect provider rate information from the health plans. The DMHC, via written response, agreed with the procedural modifications suggested by the providers and incorporated those changes into the IDRP. AB 2157 essentially codifies the changes.

AB 2157 passed unanimously in both houses of the Legislature. It had no opposition.

##### REQUIREMENTS

Amends Section 1371.30 of the Health and Safety Code relating to health care coverage.

Specifically, AB 2157 does the following:

- Require the IDRPs established by DMHC to include a process for each party to submit into evidence information that will be kept confidential from the other party, in order to preserve the confidentiality of the source contract.
- Require the IDRPs organization to conduct a de novo review of the claim dispute, based solely on the information and documents timely submitted into evidence by the parties.
- Require the IDRPs organization to assign reviewers to each case based on their relevant education, background, and medical claims payment and clinical experience.

#### COMPLIANCE DATES

The requirements of this bill are already in effect, as they codify the DMHC's updated IDRPs process.

#### IMPLEMENTATION ISSUES

A plan may need to update their existing AB 72 policies and procedures (P&P) to incorporate any notify any entities that are delegated to pay claims.