

**From:** DMHC Licensing eFiling

**Subject:** APL 22-002 – Hospital Block Transfer Filings for PPO Enrollees

**Date:** Tuesday, January 19, 2022, 11:33 AM

**Attachments:** APL 22-002 – Hospital Block Transfer Filings for PPO Enrollees (1.19.22).pdf

Dear Health Plan Representative:

Please find attached All Plan Letter (APL) 22-002, reminding health care service plans to comply with the Block Transfer filing and notice requirements applicable to hospital contract terminations affecting PPO enrollees.

Thank you.



Gavin Newsom, Governor  
State of California  
Health and Human Services Agency  
**DEPARTMENT OF MANAGED HEALTH CARE**  
980 9<sup>th</sup> Street, Suite 500  
Sacramento, CA 95814  
Phone: 916-324-8176 | Fax: 916-255-5241  
[www.HealthHelp.ca.gov](http://www.HealthHelp.ca.gov)

## ALL PLAN LETTER

**DATE:** January 19, 2022

**TO:** All Full Service Health Care Service Plans

**FROM:** Nathan Nau  
Deputy Director, Office of Plan Monitoring

**SUBJECT:** APL 22-002 Hospital Block Transfer Filings for PPO Enrollees

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The Department of Managed Health Care (Department) issues this All Plan Letter (APL) to remind health care service plans to comply with the Block Transfer filing and notice requirements applicable to hospital contract terminations affecting PPO enrollees.

**I. Health plans must file Block Transfer filings for hospital contract terminations that transfer or redirect 2,000 or more enrollees, including PPO enrollees.**

Block Transfer is defined in regulation as a “transfer or redirection of two-thousand (2,000) or more enrollees by a plan from a Terminated Provider Group or Terminated Hospital to one or more contracting providers that takes place as a result of the termination or non-renewal of a Provider Contract.”<sup>1</sup>

The block transfer statute and regulation is not limited in applicability to a particular product type and therefore applies to PPO products. Accordingly, health plans shall submit a Block Transfer filing for hospital contract terminations that will result in the redirection of 2,000 or more PPO enrollees (or PPO combined with other lines of business).<sup>2</sup>

**II. In the event of a hospital contract termination, health plans must send notice to all PPO enrollees living within 15 miles of the terminating hospital. Health plans may send this notice electronically if enrollees elect to receive electronic notification.**

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<sup>1</sup> California Code of Regulations, title 28, section 1300.67.1.3(a)(3).

<sup>2</sup> Pursuant to Health & Safety Code section 1373.65 and California Code of Regulations, title 28, section 1300.67.1.3.

The block transfer statute states, “If a plan operates as a preferred provider organization ... the plan shall send the written notice to all enrollees who reside within a 15-mile radius of the terminated hospital.”<sup>3</sup>

In accordance with the block transfer statute, health plans shall send written notice to all PPO enrollees within 15 miles of a terminating hospital. Health plans may fulfill this notice requirement by sending written notice through US Mail. However, if enrollees elect to receive notifications from the health plan through electronic communication (e.g., email, health plan portal message, etc.), the Plan may fulfill this requirement by sending an individualized notice electronically directly to the enrollee through one of the enrollee’s elected electronic communication methods.

If the terminating hospital has been identified by the Plan as the closest available hospital in a ZIP Code for which the Department has granted alternative hospital geographic access standards (i.e. a standard beyond 15 miles), please explain in the block transfer filing how the Plan intends to notify PPO enrollees who reside in ZIP Codes beyond a 15-mile radius of the terminating hospital of the pending hospital termination.

**III. Health plans shall file with the Department any updated Block Transfer policies and procedures as a result of this All Plan Letter.**

Health & Safety Code section 1373.95 requires each health plan to include within its continuity of care policy “a description of the plan’s process for the block transfer of enrollees from a terminated provider group or hospital to a new provider group or hospital.”

Health plans shall review their Block Transfer policies and procedures, and file with the Department any updated Block Transfer policies and procedures concerning PPO enrollees, including the method of communication of PPO enrollee notices.

If health plans intend to fulfill the PPO enrollee notice requirement through enrollee-elected electronic communication, plans should ensure enrollee protections concerning electronic communications are in place, including policies and procedures for ensuring enrollees opt in to receive electronic communications, tracking electronic enrollee communications, secure transmission, etc.

Health plans shall implement sections I, II, and III of this APL no later than **April 1, 2022**.

If you have questions regarding this All Plan Letter, please contact the Department’s Block Transfer team at [BlockTransfers@dmhc.ca.gov](mailto:BlockTransfers@dmhc.ca.gov).

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<sup>3</sup> Health and Safety Code section 1373.65(b).