

**From:** DMHC Licensing eFiling  
**Subject:** APL 19-012 (OFR) - AB 72 Policy and Procedures  
**Date:** Tuesday, June 4, 2019 10:06:20 AM  
**Attachments:** APL19-012 (OFR) - AB 72 Policy and Procedures (6.4.19).pdf

Dear Health Plan Representative,

Please see attached All Plan Letter regarding filing requirements under Health and Safety Code Section 1300.71.31: Methodology for Determining Average Contracted Rate; Default Reimbursement Rate.

Thank you.



Gavin Newsom, Governor  
State of California  
Health and Human Services Agency  
**DEPARTMENT OF MANAGED HEALTH CARE**  
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## ALL PLAN LETTER

**DATE:** June 4, 2019

**TO:** All Licensed Health Care Service Plans and Certain Delegated Entities

**FROM:** Pritika Dutt  
Deputy Director, Office of Financial Review

**SUBJECT:** APL 19-012 (OFR) Filing Requirements Under Health and Safety Code Section 1300.71.31: Methodology for Determining Average Contracted Rate; Default Reimbursement Rate

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The Department of Managed Health Care (the DMHC or Department) issues this All Plan Letter (APL) to remind health care services plans and certain delegated entities of the Knox-Keene Health Care Service Plan Act of 1975's (the Knox-Keene Act)<sup>1</sup> requirement to file the policies and procedures used to determine the average contracted rate.

By August 15, 2019, and thereafter when the policies and procedures are amended, health care service plans or its delegated entity that has the responsibility for payment of a claim for health care services subject to Section 1371.9 shall file with the Department the policies and procedures used to determine the average contracted rate.<sup>2</sup> The methodology for determining the average contracted rate is described in Rule 1300.71.31, subdivision (c).

### Health Care Service Plan Filing Instructions

Health care service plans that have the responsibility for payment of claims subject to Section 1371.9 shall submit their policies and procedures used to determine the average contracted rate electronically to the DMHC as a **"Report/Other"** via the DMHC's eFiling web portal. The policies and procedures should be filed as an **Exhibit II-7 (AB 72 Policies and Procedures for Determining Average Contracted Rate)**.

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<sup>1</sup> California Health and Safety Code sections 1340 *et seq.* (the "Knox-Keene Act"). References herein to "Section" are to sections of the Act. References to "Rule" refer to the California Code of Regulations, title 28.

<sup>2</sup> See Section 1371.9, subdivision (i), Rule 1300.71.31, subdivisions (f) and (a)(5).

Health care service plans that delegate payment functions to a contracted entity, shall provide a copy of this APL to their delegated entity(ies) that has/have the responsibility for payment of claims.

Health care service plans that do not have the responsibility for payment of claims shall submit a statement indicating that much to the DMHC as an Exhibit E-1 via the DMHC's eFiling web portal.

### **Delegated Entity Filing Instructions**

Delegated entities shall submit its policies and procedures used to determine compliance with the average contracted rate (as a Microsoft Word or Adobe PDF attachment) via email to [AB72@dmhc.ca.gov](mailto:AB72@dmhc.ca.gov).

If you have any questions regarding the submission process of the policies and procedures for the average contracted rate, please contact Pritika Dutt by [email](mailto:Pritika.Dutt@dmhc.ca.gov) at [Pritika.Dutt@dmhc.ca.gov](mailto:Pritika.Dutt@dmhc.ca.gov) or phone at (916) 324-8137.