

- Policy & Procedure
- Take Note
- Milestones

State of California

DWCNewsline

Division of Workers' Compensation
Carrie Nevans, Acting Administrative Director

1515 Clay Street, 17th floor, Oakland, CA 94612 (510) 286-7100

Internet Web Page: <http://www.dir.ca.gov>

Newsline No. 56-09

November 4, 2009

Division of Workers' Compensation's amended health care organization (HCO) regulations approved by Office of Administrative Law

Amendments become effective Jan. 1, 2010

The Division of Workers' Compensation (DWC) has amended its regulations on health care organizations (HCOs) as another part of its 12-point plan to control medical costs in California's workers' compensation system. The 12-point plan includes regulations recently enacted, regulations underway, and a set of proposals to be implemented in 2010. The revisions to the HCO regulations make HCOs more competitive with medical provider networks, providing a viable network option for workers' compensation care. Studies have shown that network care is associated with lower costs for employers and better return to work outcomes for injured workers.

The final HCO regulations were filed with the secretary of state on Nov. 4, 2009 and become effective Jan. 1, 2010. The revised regulations reduce HCO fees and eliminate duplicative HCO reporting requirements.

The regulations, found in the California Code of Regulations, Title 8, sections 9771 through 9779.9, are authorized by Labor Code sections 133, 4600.3, 4600.5, 4600.7, 4603.5, and 5307.3.

The amendments include:

- The application for certification of an entity not licensed under the Knox-Keene Health Care Service Plan Act will be reduced from \$20,000 to \$2,500.
- The application for certification of an entity licensed under the Knox-Keene Health Care Service Plan Act will be reduced from \$10,000 to \$1,000.
- The recertification fee will be reduced from \$10,000 to \$1,000.
- The annual assessment fee will be reduced from \$1.00 per enrollee to \$250.00 for 0 to 1000 enrollees, \$350 for 1001 to 5000 enrollees, and \$500 for 5001 or more enrollees.
- The loan repayment surcharge in section 9779.5(a)(2) will be removed as the repayment period has now ended.

- The late payment fee in section 9779 will be repealed.
- Information collected by the Workers' Compensation Information System (WCIS) will not be required to be resubmitted to DWC by HCOs.

The approved regulations, as filed with the secretary of state, can be found on the DWC Web site at http://www.dir.ca.gov/dwc/DWCPropRegs/hco/HCO_Regulations.htm.

The final statement of reasons for the rulemaking, a summary of public comments made during the rulemaking, and the division's responses to those comments are also available on the DWC Web site.

###