Board of Administration

Agenda Item 8b

June 18, 2025

Item Name: Assembly Bill 280 (Aguiar-Curry) – Provider Directories

Program: Legislative

Item Type: Action

Recommendation

Adopt a **SUPPORT** position on Assembly Bill (AB) 280 (Aguiar-Curry), as amended May 23, 2025, and suggest amendments that require providers to share in the responsibility of maintaining accurate provider directories. AB 280 would strengthen the California Public Employees' Retirement System's (CalPERS) health plan contract requirements and improve CalPERS member experiences with provider directories. However, CalPERS believes meeting the bill's goals will be difficult without providers sharing responsibility in the process.

Executive Summary

AB 280 requires a health care service plan or health insurer to verify provider directory accuracy on an annual basis and ensure that the provider directory is 60% accurate by July 1, 2026, with an increasing percentage of accuracy to be met, as specified, until directories are 95% accurate on or before July 1, 2029. Failure to meet an accuracy benchmark in a given year will subject a plan or insurer to administrative penalties. The bill further requires a plan or insurer to provide coverage for covered health care services provided to an enrollee or insured who reasonably relied on inaccurate, incomplete, or misleading information in a plan or policy's provider directory and to reimburse the provider the out-of-network amount for those services. It prohibits a provider from collecting an additional amount from the enrollee or insured other than the in-network cost sharing.

Increasing the accuracy of provider networks will enable CalPERS members to find providers more efficiently, make better informed decisions when choosing their plans and providers, and will reduce barriers to accessing health care.

Strategic Plan

This item supports the CalPERS 2022-27 Exceptional Health Care Strategic Goal to ensure CalPERS members have access to equitable, high-quality, affordable health care.

Background

Accuracy of Health Care Provider Directories

Existing law requires health plans and insurers to maintain an accurate list of in-network health care providers (also known as a provider directory) including, but not limited to, doctors, mental health professionals, hospitals, labs, and imaging centers. These directories generally include basic provider information, such as:

- Provider name and gender,
- Specialty areas,
- Whether the provider is a primary care physician,
- Whether or not the provider is accepting new patients,
- Whether the provider requires a referral,
- Provider location(s), including address and contact information,
- Languages spoken by the provider and their office staff,
- Network facilities where the provider has admitting privileges, and
- Whether the office is accessible under the Americans with Disabilities Act.

Despite these requirements, provider directories often contain outdated or inaccurate information, such as incorrect addresses, outdated contact details, or inaccurate status regarding whether a provider is accepting new patients or is truly in-network. Such inaccuracies place significant burden on patients, who must navigate unreliable provider directories and call multiple providers, only to discover they are out-of-network, not accepting new patients, or no longer practicing.

This burden is especially harmful to patients who already face barriers to accessing health care, such as those with limited English proficiency and persons with disabilities. Inaccurate provider directories create unnecessary obstacles to receiving timely health care services and may lead to unexpected health care costs when patients unknowingly receive care from providers who are later discovered to be out-of-network.

Past Efforts to Address Inaccurate Provider Directories

When Senate Bill (SB) 137 (Chapter 649, Statutes of 2015) became law, it required the Department of Managed Health Care (DMHC) and the California Department of Insurance (CDI) to develop uniform provider directory standards including the development and adoption of regulations. It also required health plans and insurers to perform regular updates and an annual review of their directories and provide coverage for health care services in the event an enrollee or insured reasonably relied upon inaccurate information within the health plan or insurer's directory. In 2023, Assemblymember Holden introduced AB 236, which included many of the same requirements found in AB 280. The AB 236 committee analyses highlighted that despite the implementation of SB 137 and the federal Consolidated Appropriations Act of 2021, also known as the "No Surprises Act", recent nationwide and state surveys of provider directories have found that compliance with requirements have been low. According to the AB 236 Senate Health Committee analysis, recent studies have found that some health plans have inaccuracy rates as high as 80%, and major plans like Anthem and Kaiser have inaccurate information for 20%-38% of providers. AB 236 was held on the suspense file in the Senate Appropriations Committee last year due to high costs to the General Fund to implement the bill.

DHMC's Pending Regulations

On January 10, 2025, DMHC proposed regulations to support the implementation of SB 137, seeking to clarify and standardize requirements for provider directories. The proposed regulations define key terms and requirements for health plans to promote the consistency and usability of directories. They also require health plans to track, report, and document the frequency of inaccuracies, along with the updates made to correct them. However, these provisions fall short of addressing the broader challenge of ensuring accountability for both health plans and providers in maintaining accurate directory information, and they do not establish a process for providers to efficiently update their provider directory information.

Analysis

AB 280 expands and clarifies the provider directory requirements set forth in SB 137. Specifically, AB 280:

- Gives DMHC and CDI the authority to require a plan or insurer to use or designate a central utility or central utilities for providers included in the directory.
- Gives DMHC and CDI the authority to waive the requirement that plans or insurers must use a central utility if they meet certain benchmarks.
- Holds the plan or insurer responsible for maintaining an accurate provider directory.
- Specifies that plan and insurer directories must be at least 60% accurate as of July 1, 2026, 80% accurate as of July 1, 2027, 90% accurate as of July 1, 2028, and 95% accurate as of July 1, 2029.
- Requires plans and insurers to annually verify provider directories for accuracy and submit accuracy verification reports.
- Assesses an administrative penalty for failure to comply with the provisions of this bill.
    - An administrative penalty will be no less than $500 per 1,000 enrollees and up to $5,000 per 1,000 enrollees for the first failure.
    - An administrative penalty will be no less than $500 per 1,000 enrollees and up to $5,000 per 1,000 enrollees for each subsequent failure,
- Specifies that administrative penalties levied shall be paid by the plan or insurer and prohibits requiring a provider, subscriber, or enrollee to pay the administrative penalty.
- Specifies that if an enrollee or insured relied upon an inaccurate, incomplete, or misleading plan or insurer provider directory, the plan or insurer shall reimburse the provider the out-of-network amount and prohibits a provider from collecting additional amounts from an enrollee or insured other than the applicable in-network cost sharing.

Arguments in Support

According to the sponsor of the bill, Health Access California, SB 137 has not reduced consumer provider directory complaints and has placed the burden on consumers when there are errors in the directory. The sponsor highlights several areas of concern including the requirement for health plans and insurers to contact providers directly which creates "a confusing influx of requests" for providers to respond to and ineffective enforcement leading to only taken five enforcement actions with fines for directory errors over the last eight years. AB 280 seeks to improve access to care by establishing accuracy benchmarks and allows DMHC and CDI to require the use of a third-party central utility to improve the accuracy of provider directories.

Opposition Concerns

While being committed to working with the author and stakeholders, the California Association of Health Plans (CAHP) opposes AB 280. CAHP states that it understands frustrations arising from ghost networks; however, they do not believe it can be fixed by placing the responsibility of the database accuracy on health plans and insurers alone. Accurate provider directories should be a shared responsibility between contracted providers and health plans and insurers.

Opponents have also asked the Legislature to let the proposed regulations be approved and implemented before creating a new statute.

CalPERS' Health Plan Provider Directories

CalPERS is the largest purchaser of commercial health benefits in California and the second largest in the nation after the federal government. Its health program provides benefits for 1.5 million public employees, retirees, and their families.

CalPERS acknowledges the challenges that its members face when navigating the health care system and actively works with its health plans to improve the member experience. Although CalPERS currently requires health plans to maintain and update their plan provider directories as a contractual requirement, ensuring accuracy continues to be a challenge. CalPERS health plans have expressed difficulty in maintaining up-to-date directory information due to lack of accountability placed on providers who often fail to respond to requests to update their information.

The provisions of this bill apply to Health Maintenance Organization (HMO) health plans that contract with CalPERS, but not the CalPERS Preferred Provider Organization plans.

CalPERS Suggested Amendments

Current efforts to maintain accurate provider directories are labor intensive for health plans and providers. AB 280 authorizes DMHC and CDI to require a health plan or insurer to use or designate a central utility for providers, streamlining the process for updating directory information. While this is a critical step towards ensuring accurate directories, the bill does not require providers to share in the responsibility of maintaining them. To improve AB 280 CalPERS suggests an amendment to require providers to share and update the information that is necessary for accurate provider directories.

Budget and Fiscal Impacts

Benefit Costs:

CalPERS HMO premiums may experience an indirect and likely insignificant financial impact due to health plan costs associated with implementing the requirements such as system upgrades, changes in mechanisms to obtain updated provider information, and additional oversight to maintain compliance.

Administrative Costs:

No additional cost to CalPERS.

Benefits and Risks

Benefits:

- Aligns with CalPERS requirement that health plans maintain and update provider directories.
- Accurate provider directories enable CalPERS members to find providers more efficiently, make better informed decisions when choosing their plans and providers, and reduce barriers to care.

Risks:

- A potential minor increase in CalPERS' health premiums due to higher health plan administrative costs associated with implementing the requirements of AB 280.

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