

agreement signed by the provider whereby the payor is entitled, directly or indirectly, to pay a preferred rate for the services rendered, the contracting agent shall do the following:

—(A) Maintain a Web site that is accessible to all contracted providers and updated at least quarterly and maintain a toll free telephone number accessible to all contracted providers whereby providers may access payor summary information.

—(B) Disclose through the use of an Internet Web site, a toll free telephone number, or through a delivery or mail service to its contracted providers, within 30 days, any sale, lease assignment, transfer or conveyance of the contracted reimbursement rates to another contracting agent or payor.

—(7) Nothing in this subdivision shall be construed to impose requirements or regulations upon payors, as defined in subparagraph (A) of paragraph (3) of subdivision (d).

—(c) Beginning July 1, 2000, a payor, as defined in subparagraph (B) of paragraph (3) of subdivision (d), shall do all of the following:

—(1) Provide an explanation of benefits or explanation of review that identifies the name of the network with which the payor has an agreement that entitles them to pay a preferred rate for the services rendered.

—(2) Demonstrate that it is entitled to pay a contracted rate within 30 business days of receipt of a written request from a provider who has received a claim payment from the payor. The provider shall include in the request a statement explaining why the payment is not at the correct contracted rate for the services provided. The failure of the provider to include a statement shall relieve the payor from the responsibility of demonstrating that it is entitled to pay the disputed contracted rate. The failure of a payor to make the demonstration to a properly documented request of the provider within 30 business days shall render the payor responsible for the lesser of the provider's actual fee or, as applicable, any fee schedule pursuant to this division, which amount shall be due and payable within 10 days of receipt of written notice from the provider, and shall bar the payor from taking any future discounts from that provider without the provider's express written consent until the payor can demonstrate to the provider that it is entitled to pay a contracted rate as provided in this subdivision. A payor shall be deemed to have demonstrated that it is entitled to pay a contracted rate if it complies with either of the following:

—(A) Describes the specific practices the payor utilizes to comply with paragraph (2) of subdivision (b), and demonstrates compliance with paragraph (1).

—(B) Identifies the contracting agent with whom the payor has a written agreement whereby the payor is not required to actively encourage employees to use the list of contracted providers pursuant to paragraph (5) of subdivision (b).

—(d) For the purposes of this section, the following terms have the following meanings:

—(1) "Contracting agent" means an insurer licensed under the Insurance Code to provide workers' compensation insurance, a health care service plan, including a specialized health care service plan, a preferred provider organization, or a self-insured employer, while engaged, for monetary or other consideration, in the act of selling, leasing, transferring, assigning, or conveying a provider or

provider panel to provide health care services to employees for work-related injuries.

—(2) "Employee" means a person entitled to seek health care services for a work-related injury.

—(3) (A) For the purposes of subdivision (b), "payor" means a health care service plan, including a specialized health care service plan, an insurer licensed under the Insurance Code to provide disability insurance that covers hospital, medical, or surgical benefits, automobile insurance, or workers' compensation insurance, or a self-insured employer that is responsible to pay for health care services provided to beneficiaries.

—(B) For the purposes of subdivision (c), "payor" means an insurer licensed under the Insurance Code to provide workers' compensation insurance, a self-insured employer, a third-party administrator or trust, or any other third party that is responsible to pay health care services provided to employees for work-related injuries, or an agent of an entity included in this definition.

—(4) "Payor summary" means a written summary that includes the payor's name and the type of plan, including, but not limited to, a group health plan, an automobile insurance plan, and a workers' compensation insurance plan.

—(5) "Provider" means any of the following:

—(A) Any person licensed or certified pursuant to Division 2 (commencing with Section 500) of the Business and Professions Code.

—(B) Any person licensed pursuant to the Chiropractic Initiative Act or the Osteopathic Initiative Act.

—(C) Any person licensed pursuant to Chapter 2.5 (commencing with Section 1440) of Division 2 of the Health and Safety Code.

—(D) A clinic, health dispensary, or health facility licensed pursuant to Division 2 (commencing with Section 1200) of the Health and Safety Code.

—(E) Any entity exempt from licensure pursuant to Section 1206 of the Health and Safety Code.

—(e) This section shall become operative on July 1, 2000.

*SEC. 37. Section 4611 is added to the Labor Code, to read:*

*4611. (a) Commencing July 1, 2004, there is hereby established the Independent Medical Review System that shall resolve disputes involving any disputed health care service.*

*(b) "Health care service" means any medical treatment, as defined in Section 4600, recommended by a physician, as defined in Section 3209.3, or any disputed diagnostic service recommended by a physician, as defined in Section 3209.3.*

*(c) A dispute over health care service may be submitted by an employee or employer with respect to the denial, modification, delay, or approval of any health care service.*

*(d) In order to request independent medical review under this article, the employee or employer requesting review shall submit to the administrative director a one-page application. All applications for dispute that meet the requirements of this section shall be reviewed. Except as to issues regarding the permanent and stationary status of the applicant, an applicant is required to have first participated in the process pursuant to Section 4610 in order to be eligible for independent medical review.*

*(e) The administrative director shall notify the court*