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Date: February 7, 2014

TO: MEMBERS, BOARD OF DIRECTORS

I. AGENDA ITEM # AND TITLE :	2013 Legislative Summary and 2014 Legislative Update
II. NAME AND PROGRAM:	Rhonda Myers, Government Affairs
III. ACTIVITY:	<input checked="" type="checkbox"/> Informational <input type="checkbox"/> Request for Direction <input type="checkbox"/> Action Proposed
IV. JUSTIFICATION:	<input checked="" type="checkbox"/> Standard/Required Item <input type="checkbox"/> Board Request – New Item <input type="checkbox"/> New Topic from Staff

V. EXECUTIVE SUMMARY:

The 2014 legislative session began on January 6, 2014. The deadline for the introduction of new bills is February 21, 2014. To date, no significant workers' compensation legislation has been introduced in the 2014 session.

VI. ANALYSIS:

2013 was a quiet year with regard to workers' compensation issues, especially since major workers' compensation reform was enacted in 2012. The following is a summary of bills tracked by Government Affairs during the 2013 session that will impact the workers' compensation system. These bills address issues such as the use of opioids to treat pain, the limitation of benefits for professional athletes employed outside of California, and the ability for workers' compensation insurers to send electronic renewal notices to policyholders. SB 626 was a bill with the potential to undo parts of reform from 2012. SB 626 failed the January 17, 2014 deadline to pass from committee, and is now a "dead" bill. Another bill, AB 906, will affect the way State Fund contracts for personal services.

VII. RECOMMENDATION: N/A

VIII. PRESENTATION EXHIBITS: N/A

IX. APPENDIX:

SB 146 (Lara) Workers' Compensation: Medical Treatment Billing
Signed by the Governor on 8/19/13

2 Year Dead	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
	1st House				2nd House							

This legislation exempts a pharmacy bill from including the prescription when requesting payment, unless there is an agreement to include it. A pharmacy bill denied for not including the prescription may be resubmitted for payment until March 31, 2014.

Recent reform in the medical treatment billing process requires a provider to include the prescription for the service with the billing. The Division of Workers' Compensation (DWC) encourages electronic billing to improve efficiency, decrease bill processing time, and reduce administrative costs. However, the DWC standards for electronic pharmacy bills do not currently allow an attachment, as can be done with the standards for other electronic medical treatment billings.

SB 62 (Price) Coroners: Reporting Requirements: Prescription Drug Use
Vetoed by the Governor on 9/27/13

2 Year Dead	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
	1st House				2nd House							

This legislation would have required a coroner to report a death due to a Schedule II, III, or IV controlled substance to the Medical Board of California.

These controlled substances include painkillers known as "opioids." The Center for Disease Control and Prevention (CDC) has declared prescription painkiller overdoses a public health epidemic. It found that nearly 60% of the overdose deaths in 2010 involved pharmaceutical drugs, with opioids involved in about 75% of those deaths. The CDC recommends that states encourage professional licensing boards to take action against inappropriate prescribing as a means of decreasing deaths from prescription painkillers.

This bill was vetoed by Governor Brown on September 27, 2013 due to a concern about an unfunded state mandate which could potentially cost millions of dollars. His veto message states that he expects the two other bills he signed this session (SB 670 and SB 809) "will help detect and prevent prescription drug abuse without further burdening taxpayers."

SB 670 (Steinberg) Physicians and Surgeons: Drug Prescribing Privileges
Signed by the Governor on 9/27/13

2 Year Dead	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
	1st House				2nd House							

This legislation allows the Medical Board to obtain medical records without consent or order if a deceased patient's authorized representative cannot be located when determining if a death was due to unprofessional conduct. It also specifies that an administrative law judge may issue an interim order to limit a physician's authority to prescribe a controlled substance based on affidavits that not doing so will endanger the public.

Existing state law can allow delays in obtaining physician interviews and receiving consent to obtain a deceased patient's medical records for a board investigation of a physician

suspected of overprescribing. Currently, an interim order can be made by an administrative law judge to restrict a physician's license only if there are affidavits showing that there is a danger to the public health, safety, or welfare. There are standards of proof for that process consistent with an injunction in a civil action and the physician has a right to a timely hearing and other elements of due process.

SB 809 (DeSaulnier) Controlled Substances: Reporting
Signed by the Governor on 9/27/13

2 Year Dead	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Done	Enrolled	Vetoed	Chaptered
	1st House				2nd House							

This legislation creates a dedicated fund to maintain the online Controlled Substance Utilization Review and Evaluation System Physician Drug Monitoring Program (CURES PDMP). CURES is a real-time California database that prescribers and pharmacists can access to determine a patient's controlled substance history. Opioids are controlled substances that are tracked by CURES.

It also requires a \$6 surcharge on the annual licensing fee for any prescriber, pharmacist, drug wholesaler, and nongovernmental clinic and pharmacy, beginning April 1, 2014. It requires the Department of Justice to consult with prescribers and specified healing arts boards before upgrading CURES to identify desirable capabilities. It allows workers' compensation insurers, health insurers, health care service plans, qualified manufacturers, and others to voluntarily contribute funds to support the CURES PDMP.

SB 809 also requires a pharmacist or a health care practitioner eligible to prescribe Schedule II, III, or IV controlled substances to apply for access to the CURES PDMP before January 1, 2016 or when eligible to dispense or prescribe, whichever occurs later.

AB 1309 (Perea) Workers' Compensation: Professional Athletes
Signed by the Governor on 10/08/13

2 Year Dead	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Done	Enrolled	Vetoed	Chaptered
	1st House				2nd House							

This legislation prohibits, after September 15, 2013, a professional athlete from filing a cumulative trauma (CT) claim in California unless the athlete spent at least 20% of their total career in California, was employed by a California based team for a period of at least two years, and played for less than seven seasons for a non-California based team.

This legislation is an attempt to close a loophole which provides workers' compensation benefits to out-of-state professional athletes.

AB 607 (Perea) Workers' Compensation: Dependent Children.
Signed by the Governor on 10/13/13

2 Year Dead	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Done	Enrolled	Vetoed	Chaptered
	1st House				2nd House							

This legislation clarifies that a deceased employee's dependent child is considered to be a total dependent regardless of whether or not there is a surviving totally dependent parent.

AB 584 (Perea) Insurance: Risk and Solvency Assessment
Signed by the Governor on 9/06/13

2 Year Dead	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Sens.	Enrolled	Vetoed	Chaptered
	1st House				2nd House							

This legislation requires insurers with annual premiums greater than \$500 million and insurance groups with annual premiums greater than \$1 billion to maintain a comprehensive risk management framework to identify, assess, and manage relevant risks. It also requires the insurer to file an Own Risk and Solvency Assessment (ORSA) report annually with the Insurance Commissioner detailing the risks identified and the sufficiency of its capital to support the risks. Provides that the information in the possession of the commissioner is confidential and is not subject to disclosure pursuant to the California Public Records Act.

SB 251 (Calderon) Insurance: Notice: Electronic Transmission
Signed by the Governor on 9/26/13

2 Year Dead	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Sens.	Enrolled	Vetoed	Chaptered
	1st House				2nd House							

This legislation adds workers' compensation insurers to those businesses that may electronically transmit a notice of policy renewal required to be given or mailed to a person, if the policyholder consents to the method.

AB 906 (Pan) Personal Services Contracts
Signed by the Governor on 10/11/13

2 Year Dead	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Sens.	Enrolled	Vetoed	Chaptered
	1st House				2nd House							

This legislation prohibits state agencies, including State Fund, from executing personal services contracts until the organizations that represent state employees who perform that type of work have been notified. Notification will include providing a copy of the proposed contract, less redacted confidential or proprietary information. The bill requires the Department of General Services to establish a process to certify that notification.