

**STATE OF CALIFORNIA
DEPARTMENT OF INDUSTRIAL RELATIONS
DIVISION OF WORKERS' COMPENSATION**

**FINAL STATEMENT OF REASONS AND
UPDATED INFORMATIVE DIGEST**

Subject Matter of Regulations: Health Care Organizations (HCO)

**TITLE 8, CALIFORNIA CODE OF REGULATIONS
Sections 9771 through 9779.9**

The Acting Administrative Director of the Division of Workers' Compensation, pursuant to the authority granted by Labor Code sections 133, 4600.3, 4600.5, 4600.7 and 5307.3, has amended the following Sections of Article 4 of Chapter 4.5, Subchapter 1, Division 1, of California Code of Regulations, title 8, pertaining to Health Care Organizations (HCOs):

Amended Section 9771	Application for Certification
Amended Section 9778	Evaluation
Amended Section 9779	Certification
Amended Section 9779.5	Reimbursement of Costs to the Administrative Director; Obligation to Pay Share of Administrative Expense
Amended Section 9779.9	Late Payment

UPDATED INFORMATIVE DIGEST

The Administrative Director incorporates the Informative Digest prepared in this matter. There have been no changes in applicable laws or to the effect of the proposed regulations from the laws and effects described in the Notice of Proposed Regulatory Action.

UPDATE OF INITIAL STATEMENT OF REASONS

The Administrative Director incorporates the Initial Statement of Reasons prepared in this matter. The purposes and rationales for the regulations as set forth in the Initial Statement of Reasons continue to apply as no changes have been made to the proposed regulations.

THE FOLLOWING SECTIONS WERE AMENDED FOLLOWING THE PUBLIC HEARING:

None.

UPDATE OF MATERIAL RELIED UPON

No additional documents beyond those identified in the Initial Statement of Reasons were relied upon by the Administrative Director except that public comments received were taken into consideration when finalizing the regulations.

LOCAL MANDATES DETERMINATION

- Local Mandate: None. The proposed regulations will not impose any new mandated programs or increased service levels on any local agency or school district.
- Cost to any local agency or school district that is required to be reimbursed under Part 7 (commencing with Section 17500) of Division 4 of the Government Code: None. The proposed amendments do not apply to any local agency or school district.
- Other nondiscretionary costs/savings imposed upon local agencies: None.

CONSIDERATION OF ALTERNATIVES

The Division considered all comments submitted during the public comment periods, and made modifications based on those comments to the regulations as initially proposed. The Administrative Director has now determined that no alternatives proposed by the regulated public or otherwise considered by the Division of Workers' Compensation would be more effective in carrying out the purpose for which these regulations were proposed, nor would they be as effective as and less burdensome to affected private persons and businesses than the regulations that were adopted.

SUMMARY OF COMMENTS RECEIVED AND RESPONSES THERETO CONCERNING THE AMENDED REGULATIONS

Two comments were received during the 45-day comment period. One comment was submitted by Lori Kammerer on behalf of Medex Healthcare in support of the regulatory changes. The other comment was submitted by State Compensation Insurance Fund which stated that it had no comments at this time. As no changes were requested, no responses are necessary. These comments and the pre-rulemaking comments are included in the rulemaking file herein.

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