

# HLB Webinar – A Regulatory Shift In Knox-Keene Licensing Requirements

Events

04.18.19

Last week, the Office of Administrative Law approved a new regulation issued by the Department of Managed Health Care (DMHC) that may require certain entities to obtain a Knox-Keene license to enter into payment arrangements that involve any amount of risk-sharing between payors and providers. The new regulation will take effect July 1, giving providers less than four months to prepare.

The new regulation may extend the licensure requirement beyond entities that operate HMOs, to include providers that accept limited amounts of upside or downside risk under common payment arrangements, such as hospital risk pools, bundled payment arrangements, and accountable care organization (ACO) arrangements. The new licensure requirement applies to entities that accept both professional and institutional risk, *i.e.*, “global risk,” which is broadly defined to include not only capitation or arrangements involving a percentage of premium, but also participation in shared savings, even arrangements involving “upside only” shared savings.

The DMHC first proposed this regulation in October 2017 and Hooper, Lundy & Bookman has [tracked](#) it closely ever since.

We urge health systems, medical groups, IPAs, SNFs, and any other provider that incorporates some risk-sharing in its payment relationships to **join us on April 18 at 12:00 PM PST** for this important webinar to learn more about how the new regulation may affect your organization and what you can do over the next four months to contain the fallout from this regulatory shift.

## We will share practical tips for providers, including:

- Strategies to “grandfather” existing payment relationships
- Key steps to prepare to seek an exemption from the licensure requirement from the DMHC
- Factors to consider and pitfalls to avoid when structuring new arrangements

We will also suggest alternatives for providers to continue value-based payment innovation without running into regulatory obstacles.

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**STEPHANIE GROSS**  
Partner  
Los Angeles  
San Francisco



**CHARLES B. OPPENHEIM**  
Partner  
Los Angeles  
San Francisco