

AMENDED IN ASSEMBLY MAY 10, 2004

AMENDED IN ASSEMBLY APRIL 27, 2004

AMENDED IN ASSEMBLY APRIL 22, 2004

AMENDED IN ASSEMBLY APRIL 15, 2004

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

ASSEMBLY BILL

No. 2759

Introduced by Assembly Members Levine and Wiggins
(Principal coauthor: Assembly Member Koretz)
(Coauthors: Assembly Members Goldberg and Laird)
(Coauthor: Senator Soto)

February 20, 2004

An act to add Section 1366.2 to the Health and Safety Code, and to add Section 10127.17 to the Insurance Code, relating to health care.

LEGISLATIVE COUNSEL'S DIGEST

AB 2759, as amended, Levine. Health care coverage.

Existing law provides for regulation of health care service plans by the Department of Managed Health Care. Existing law provides for regulation of health insurers by the Insurance Commissioner. A willful violation of the provisions governing health care service plans is a crime.

This bill, on and after January 1, 2005, would require a health care service plan or health insurer issuing individual plan contracts or individual policies of health insurance and that ceases to offer individual coverage in ~~a service area~~ *this state* to continue to provide coverage to the subscribers or policyholders who had been covered by



those contracts and policies at the time of withdrawal under certain terms and conditions. *The bill would also require a health maintenance organization plan that ceases to offer individual coverage in a service area to continue to offer that coverage to subscribers when the plan continues to offer group health maintenance organization coverage in the service area.*

The bill would also provide that these provisions would not apply when a plan participating in a contract to provide health coverage with a government entity no longer contracts with the government entity to provide that coverage in the state *or a specified area of the state* or when a plan ceases to offer and issue any and all forms of coverage in any part of the state after the effective date of this section.

Because a violation of these requirements by a health care service plan would be a crime, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 1366.2 is added to the Health and Safety
 2 Code, to read:
 3 1366.2. (a) On and after January 1, 2005, a health care
 4 service plan issuing individual plan contracts that ceases to offer
 5 individual coverage in this state shall offer coverage to the
 6 subscribers who had been covered by those contracts at the time
 7 of withdrawal under the same terms and conditions as provided in
 8 paragraph (3) of subdivision (a), paragraphs (2) to (4), inclusive,
 9 of subdivision (b), subdivisions (c) to (e), inclusive, and
 10 subdivision (h) of Section 1373.6. In addition, a *health*
 11 *maintenance organization* plan that ceases to offer individual
 12 coverage in a service area shall also offer the coverage to
 13 subscribers required by this subdivision when the plan continues



1 to offer group *health maintenance organization* coverage in that
2 service area.

3 (b) The department may adopt regulations to implement this
4 section.

5 (c) This section shall not apply when a plan participating in
6 Medi-Cal, Healthy Families, Access for Infants and Mothers, or
7 any other contract between the plan and a government entity no
8 longer contracts with the government entity to provide health
9 coverage in the state, *or a specified area of the state*, nor shall this
10 section apply when a plan ceases entirely to market, offer, and
11 issue any and all forms of coverage in any part of this state after
12 the effective date of this section.

13 SEC. 2. Section 10127.17 is added to the Insurance Code, to
14 read:

15 10127.17. (a) On and after January 1, 2005, a health insurer
16 issuing individual policies of health insurance that ceases to offer
17 individual coverage in this state shall offer coverage to the
18 policyholders who had been covered by those policies at the time
19 of withdrawal under the same terms and conditions as provided in
20 paragraph (3) of subdivision (a), paragraphs (2) to (4), inclusive,
21 of subdivision (b), subdivisions (c) to (e), inclusive, and
22 subdivision (h) of Section 12682.1.

23 (b) The department may adopt regulations to implement this
24 section.

25 (c) This section shall not apply when a plan participating in
26 Medi-Cal, Healthy Families, Access for Infants and Mothers, or
27 any other contract between the plan and a government entity no
28 longer contracts with the government entity to provide health
29 coverage in the state, *or a specified area of the state*, nor shall this
30 section apply when a plan ceases entirely to market, offer, and
31 issue any and all forms of coverage in any part of this state after
32 the effective date of this section.

33 SEC. 3. No reimbursement is required by this act pursuant to
34 Section 6 of Article XIII B of the California Constitution because
35 the only costs that may be incurred by a local agency or school
36 district will be incurred because this act creates a new crime or
37 infraction, eliminates a crime or infraction, or changes the penalty
38 for a crime or infraction, within the meaning of Section 17556 of
39 the Government Code, or changes the definition of a crime within



1 the meaning of Section 6 of Article XIII B of the California
2 Constitution.

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