

ASSEMBLY BILL

No. 7

Introduced by Assembly Member Nakanishi

September 18, 2007

An act to amend Section 12725 of the Insurance Code, relating to health care coverage.

LEGISLATIVE COUNSEL'S DIGEST

AB 7, as introduced, Nakanishi. California Major Risk Medical Insurance Program: eligibility.

Under existing law, the Managed Risk Medical Insurance Board administers the California Major Risk Medical Insurance Program (MRMIP) to provide major risk medical insurance coverage to eligible persons who have been rejected for health care coverage by at least one private health plan.

This bill would change the eligibility criteria for MRMIP by requiring rejection by at least 2 private health plans.

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

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

- 1 SECTION 1. Section 12725 of the Insurance Code is amended
2 to read:
3 12725. (a) Each resident of the state meeting the eligibility
4 criteria of this section and who is unable to secure adequate private
5 health coverage is eligible to apply for major risk medical coverage
6 through the program. For these purposes, "resident" includes a
7 member of a federally recognized California Indian tribe.

1 (b) To be eligible for enrollment in the program, an applicant
2 shall have been rejected for health care coverage by at least ~~one~~
3 *two* private health ~~plan plans~~. An applicant shall be deemed to
4 have been rejected if the only private health coverage that the
5 applicant could secure would do one of the following:

6 (1) Impose substantial waivers that the program determines
7 would leave a subscriber without adequate coverage for medically
8 necessary services.

9 (2) Afford limited coverage that the program determines would
10 leave the subscriber without adequate coverage for medically
11 necessary services.

12 (3) Afford coverage only at an excessive price, which the board
13 determines is significantly above standard average individual
14 coverage rates.

15 (c) Rejection for policies or certificates of specified disease or
16 policies or certificates of hospital confinement indemnity, as
17 described in Section 10198.61, shall not be deemed to be rejection
18 for the purposes of eligibility for enrollment.

19 (d) The board may permit dependents of eligible subscribers to
20 enroll in major risk medical coverage through the program if the
21 board determines the enrollment can be carried out in an actuarially
22 and administratively sound manner.

23 (e) Notwithstanding the provisions of this section, the board
24 shall by regulation prescribe a period of time during which a
25 resident is ineligible to apply for major risk medical coverage
26 through the program if the resident either voluntarily disenrolls
27 from, or was terminated for nonpayment of the premium from, a
28 private health plan after enrolling in that private health plan
29 pursuant to either Section 10127.15 or Section 1373.62 of the
30 Health and Safety Code.

31 (f) For the period commencing September 1, 2003, to December
32 31, 2007, inclusive, subscribers and their dependents receiving
33 major risk coverage through the program may receive that coverage
34 for no more than 36 consecutive months. Ninety days before a
35 subscriber or dependent's eligibility ceases pursuant to this
36 subdivision, the board shall provide the subscriber and any
37 dependents with written notice of the termination date and written
38 information concerning the right to purchase a standard benefit
39 plan from any health care service plan or health insurer
40 participating in the individual insurance market pursuant to Section

- 1 10127.15 or Section 1373.62 of the Health and Safety Code. This
- 2 subdivision shall become inoperative on December 31, 2007.

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