

Assembly Bill No. 108

Passed the Assembly September 8, 2009

Chief Clerk of the Assembly

Passed the Senate September 2, 2009

Secretary of the Senate

This bill was received by the Governor this _____ day
of _____, 2009, at _____ o'clock ____M.

Private Secretary of the Governor

CHAPTER _____

An act to add Section 1389.21 to the Health and Safety Code, and to add Section 10384.17 to the Insurance Code, relating to health care coverage.

LEGISLATIVE COUNSEL'S DIGEST

AB 108, Hayashi. Individual health care coverage.

Existing law, the Knox-Keene Health Care Service Plan Act of 1975, provides for the licensure and regulation of health care service plans by the Department of Managed Health Care, and makes a willful violation of its provisions a crime. Existing law provides for the regulation of health insurers by the Department of Insurance. Existing law prohibits the cancellation or nonrenewal of an enrollment or subscription by a health care service plan except in specified circumstances. Existing law prohibits the nonrenewal of individual health benefit plans by a health insurer except in specified circumstances.

This bill would prohibit a health care service plan or health insurer from rescinding an individual health care service plan contract or individual health insurance policy for any reason, or from canceling, limiting, or raising the premiums of the plan contract or policy due to any omission, misrepresentation, or inaccuracy in the application form, after 24 months following the issuance of the plan contract or policy, except as specified.

Because this bill would impose additional requirements on health care service plans, the willful violation of which would be a crime, it 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.

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

SECTION 1. Section 1389.21 is added to the Health and Safety Code, to read:

1389.21. Notwithstanding any other provision of law, after 24 months following the issuance of an individual health care service plan contract, a plan shall not rescind the plan contract for any reason, and shall not cancel the plan contract, limit any of the provisions of the plan contract, or raise premiums on the plan contract due to any omissions, misrepresentations, or inaccuracies in the application form, whether willful or not. Nothing in this section shall be construed to alter existing law that otherwise applies to a health care service plan within the first 24 months following the issuance of an individual health care service plan contract.

SEC. 2. Section 10384.17 is added to the Insurance Code, to read:

10384.17. Notwithstanding any other provision of law, after 24 months following the issuance of an individual health insurance policy, a health insurer shall not rescind the policy for any reason, and shall not cancel the policy, limit any of the provisions of the policy, or raise premiums on the policy due to any omissions, misrepresentations, or inaccuracies in the application form, whether willful or not. Nothing in this section shall be construed to alter existing law that otherwise applies to a health insurer within the first 24 months following the issuance of an individual health insurance policy.

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

Approved _____, 2009

Governor