Assembly Bill No. 1825

Passed the Assembly August 26, 2010

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Chief Clerk of the Assembly

Passed the Senate August 25, 2010

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Secretary of the Senate

This bill was received by the Governor this _____ day of _____, 2010, at _____ o'clock ___M.

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Private Secretary of the Governor

CHAPTER _____

An act to add Section 10123.865 to, and to add and repeal Section 10123.866 of, the Insurance Code, relating to health care coverage.

LEGISLATIVE COUNSEL'S DIGEST

AB 1825, De La Torre. Maternity services.

Existing law provides for the regulation of health insurers by the Department of Insurance. Under existing law, a health insurer that provides maternity coverage may not restrict inpatient hospital benefits, as specified, and is required to provide notice of the maternity services coverage.

This bill would require health insurance policies issued, amended, or renewed on or after July 1, 2011, and prior to January 1, 2014, to provide coverage for maternity services, as defined and would require health insurance policies issued, amended, or renewed on or after January 1, 2014, to provide coverage for maternity services consistent with the federal Patient Protection and Affordable Care Act, as specified. The bill would also, until January 1, 2014, to the extent permitted under federal law, authorize certain individual health insurance policies to include an exclusionary period of up to 12 months on maternity services, as specified, and would require the insurer to provide a specified notice regarding that exclusionary period at the time of solicitation for the policy.

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

SECTION 1. The Legislature finds and declares the following:

(a) In actual practice, health care service plans have been required by the Knox-Keene Health Care Service Plan Act of 1975 (Chapter 2.2 (commencing with Section 1340) of Division 2 of the Health and Safety Code) to provide maternity services as a basic health care benefit.

(b) At the same time, existing law does not require health insurers to provide designated basic health care services and,

therefore, health insurers are not required to provide coverage for maternity services.

(c) Therefore, it is essential to clarify that all health care coverage made available to California consumers, whether issued by health care service plans regulated by the Department of Managed Health Care or by health insurers regulated by the Department of Insurance, must include maternity services.

SEC. 2. Section 10123.865 is added to the Insurance Code, to read:

10123.865. (a) (1) A group or individual health insurance policy that is issued, amended, or renewed on or after July 1, 2011, and on or before December 31, 2013, shall provide coverage for maternity services. The policy shall also comply with any other maternity coverage requirement imposed under federal law or regulation.

(2) For purposes of this subdivision, "maternity services" include prenatal care, ambulatory care maternity services, involuntary complications of pregnancy, neonatal care, and inpatient hospital maternity care, including labor and delivery and post partum care.

(b) To the extent required under federal law, a group or individual health insurance policy issued, amended, or renewed, on or after January 1, 2014, shall cover maternity services consistent with the rules and regulations issued by the United States Secretary of Health and Human Services pursuant to subdivision (b) of Section 1302 of the federal Patient Protection and Affordable Care Act (Public Law 111-148).

(c) This section shall not apply to specialized health insurance, Medicare supplement insurance, short-term limited duration health insurance, CHAMPUS-supplement insurance, or TRI-CARE supplement insurance, or to hospital indemnity, accident-only, or specified disease insurance.

SEC. 3. Section 10123.866 is added to the Insurance Code, to read:

10123.866. (a) To the extent permitted under federal law, an individual health insurance policy that is issued, amended, or renewed on or after July 1, 2011, and that applies a preexisting condition provision, a waiting or affiliation period, or a waivered condition provision may include an exclusionary period of up to 12 months for maternity services, except for those services required to be covered under federal law and those services covered under

the policy prior to July 1, 2011. An insurer shall credit the time an individual was covered under creditable coverage against the 12-month exclusionary period, provided that the individual becomes eligible for coverage under the succeeding insurance policy within 62 days of termination of prior coverage, exclusive of any waiting or affiliation period, and applies for coverage under the succeeding insurance policy within the applicable enrollment period.

(b) A health insurer that offers an individual health insurance policy with an exclusionary period for maternity services as described in subdivision (a) shall make available, at the time of solicitation and as part of the sales material for the policy, the following notice in 12-point type:

"IMPORTANT NOTICE: PLEASE BE AWARE THAT YOU MAY BE ENROLLING IN A POLICY THAT DOES NOT COVER OR PROVIDE BENEFITS FOR MATERNITY CARE FOR UP TO TWELVE MONTHS IMMEDIATELY FOLLOWING ENROLLMENT. NO BENEFITS WILL BE PAID FOR MATERNITY SERVICES DURING THIS PERIOD, AS DESCRIBED IN THE CERTIFICATE OF INSURANCE."

(c) For purposes of this section, "maternity services" has the same meaning as that term is defined in Section 10123.865.

(d) This section shall not apply to specialized health insurance, Medicare supplement insurance, short-term limited duration health insurance, CHAMPUS-supplement insurance, or TRI-CARE supplement insurance, or to hospital indemnity, accident-only, or specified disease insurance.

(e) This section shall remain in effect only until January 1, 2014, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2014, deletes or extends that date.

Approved _____, 2010

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Governor