

AMENDED IN ASSEMBLY APRIL 28, 2010

CALIFORNIA LEGISLATURE—2009—10 REGULAR SESSION

ASSEMBLY BILL

No. 1887

Introduced by Assembly Member Villines
(Coauthor: Assembly Member Monning)

February 16, 2010

An act to ~~amend Section 12711~~ *add Part 6.45 (commencing with Section 12699.70) to Division 2* of the Insurance Code, relating to health care coverage.

LEGISLATIVE COUNSEL'S DIGEST

AB 1887, as amended, Villines. ~~California Major Risk Medical Insurance Program. Temporary high risk pool.~~

Existing law, the federal Patient Protection and Affordable Care Act, requires the United States Secretary of Health and Human Services to establish a temporary high-risk health insurance pool program to provide health insurance coverage for eligible individuals until January 1, 2014. Existing law authorizes the secretary to carry out this program directly or through contracts to eligible entities, including states, and requires that money made available pursuant to these provisions be used to establish a qualified high risk pool that meets certain requirements.

Existing law establishes the California Major Risk Medical Insurance Program, which is administered by the Managed Risk Medical Insurance Board (MRMIB), to provide major risk medical coverage to persons who, among other matters, have been rejected for coverage by at least one private health plan. ~~Existing law authorizes MRMIB to, among other things, determine the eligibility of applicants, determine the major risk medical coverage to be provided to program subscribers, and~~

~~authorize expenditures from the Major Risk Medical Insurance Fund to pay program expenses that exceed subscriber contributions.~~

~~This bill would also authorize MRMIB to apply for any federal funding it determines to be cost effective for purposes of extending major risk medical coverage to more applicants.~~

This bill would require MRMIB to establish a temporary high risk pool to provide health care coverage to specified individuals who have preexisting conditions and have not been covered under creditable coverage, as defined, for the 6 months prior to applying for coverage in the pool. The bill would require coverage in the pool to meet specified requirements and would require premiums to be established at a standard rate for a standard population and not have age rating greater than 4 to 1. The bill would require MRMIB to apply for federal funding in order to operate the pool and would enact other related provisions.

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. Part 6.45 (commencing with Section 12699.70)
2 is added to Division 2 of the Insurance Code, to read:

3
4 PART 6.45. TEMPORARY HIGH RISK POOL

5
6 12699.70. For purposes of this part, the following definitions
7 shall apply:

8 (a) "Board" means the Managed Risk Medical Insurance Board
9 created pursuant to Section 12710.

10 (b) "Creditable coverage" has the same meaning as defined in
11 Section 10198.6.

12 (c) "Pool" means the temporary high risk pool established by
13 the board pursuant to this part.

14 12699.72. (a) The board shall establish a temporary high risk
15 pool to provide health care coverage to eligible individuals.

16 (b) Each individual who meets all of the following requirements
17 is eligible to apply for coverage through the pool:

18 (1) Is a citizen or national of the United States, or is lawfully
19 present in the United States, as determined in accordance with
20 Section 1411 of the Patient Protection and Affordable Care Act
21 (Public Law 111-148).

1 (2) *Has not been covered under creditable coverage for the six*
2 *months prior to applying for coverage through the pool.*

3 (3) *Has a preexisting condition.*

4 (c) *The benefits and coverage provided through the pool shall,*
5 *at a minimum, have an actuarial value of at least 65 percent of*
6 *total allowed costs, an out-of-pocket limit no greater than the*
7 *applicable amount for high deductible health plans linked to health*
8 *savings accounts, and no preexisting condition exclusions.*

9 (d) *Premiums for coverage provided through the pool shall be*
10 *established at a standard rate for a standard population and not*
11 *have an age rating greater than four to one.*

12 (e) *The board shall apply for federal funding pursuant to Section*
13 *1101 of the Patient Protection and Affordable Care Act (Public*
14 *Law 111-148) to operate the pool created by this part.*

15 *12699.74. Nothing in this part shall be construed to preclude*
16 *the board from creating more expansive standards and benefits,*
17 *lower cost-sharing requirements, or eligibility criteria that would*
18 *result in the inclusion of more enrollees if permitted under federal*
19 *law and funded exclusively with federal funds.*

20 **SECTION 1.** ~~Section 12711 of the Insurance Code is amended~~
21 ~~to read:~~

22 ~~12711. The board shall have the authority to do all of the~~
23 ~~following:~~

24 ~~(a) To determine the eligibility of applicants.~~

25 ~~(b) To determine the major risk medical coverage to be provided~~
26 ~~to program subscribers.~~

27 ~~(c) To research and assess the needs of persons not adequately~~
28 ~~covered by existing private and public health care delivery systems~~
29 ~~and promote means of assuring the availability of adequate health~~
30 ~~care services.~~

31 ~~(d) To approve subscriber contributions and plan rates and~~
32 ~~establish program contribution amounts.~~

33 ~~(e) To provide major risk medical coverage for subscribers or~~
34 ~~to contract with a participating health plan or plans to provide or~~
35 ~~administer major risk medical coverage for subscribers.~~

36 ~~(f) To authorize expenditures from the fund to pay program~~
37 ~~expenses that exceed subscriber contributions.~~

38 ~~(g) To contract for administration of the program or any portion~~
39 ~~thereof with any public agency, including any agency of state~~
40 ~~government, or with any private entity.~~

- 1 ~~(h) To issue rules and regulations to carry out the purposes of~~
2 ~~this part.~~
- 3 ~~(i) To authorize expenditures from the fund or from other~~
4 ~~moneys appropriated in the annual Budget Act for purposes relating~~
5 ~~to Section 10127.15 of this code or Section 1373.62 of the Health~~
6 ~~and Safety Code.~~
- 7 ~~(j) To apply for any federal funding the board determines to be~~
8 ~~cost effective for purposes of extending major risk medical~~
9 ~~coverage to more applicants.~~
- 10 ~~(k) To exercise all powers reasonably necessary to carry out the~~
11 ~~powers and responsibilities expressly granted or imposed upon it~~
12 ~~under this part.~~