

AMENDED IN ASSEMBLY APRIL 22, 2010

AMENDED IN ASSEMBLY APRIL 8, 2010

CALIFORNIA LEGISLATURE—2009—10 REGULAR SESSION

ASSEMBLY BILL

No. 2345

Introduced by Assembly Member De La Torre

February 19, 2010

An act to ~~add Section 1342.1 to the Health and Safety Code, and to add Section 10121.8 to amend Section 10113.95 of the Insurance Code,~~ relating to health care coverage.

LEGISLATIVE COUNSEL'S DIGEST

AB 2345, as amended, De La Torre. ~~Health care.~~ *Individual health care coverage: health insurers.*

Existing law provides for the regulation of health insurers by the Department of Insurance and requires a health insurer to have written policies, procedures, and underwriting guidelines establishing the criteria and process whereby the insurer makes its decision to provide or to deny coverage to individuals who apply for coverage and sets the rate for that coverage. Existing law requires an insurer to annually file with the commissioner a general description of the criteria, policies, procedures, or guidelines that the insurer uses for rating and underwriting decisions related to individual health insurance policies, as specified.

This bill would additionally require an insurer to annually post on its Internet Web site that information the insurer uses for rating and underwriting decisions related to individual health insurance policies, as specified.

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 violation of the act a crime. Existing law also provides for the regulation of health insurers by the Department of Insurance.

~~This bill would, on and after January 1, 2011, require health care service plans and health insurers that issue, sell, renew, or offer contracts or group policies for health care coverage in this state to meet the requirements of specified provisions of the federal Public Health Service Act.~~

~~Because a violation of these provisions by a health care service plan would be a crime, this 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-no~~. State-mandated local program: ~~yes-no~~.

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

1 SECTION 1. Section 10113.95 of the Insurance Code is
2 amended to read:

3 10113.95. (a) A health insurer that issues, renews, or amends
4 individual health insurance policies shall be subject to this section.

5 (b) An insurer subject to this section shall have written policies,
6 procedures, or underwriting guidelines establishing the criteria
7 and process whereby the insurer makes its decision to provide or
8 to deny coverage to individuals applying for coverage and sets the
9 rate for that coverage. These guidelines, policies, or procedures
10 shall ~~assure~~ ensure that the plan rating and underwriting criteria
11 comply with Sections 10140 and 10291.5 and all other applicable
12 provisions.

13 (c) (1) On or before June 1, 2006, and annually thereafter, every
14 insurer shall file with the commissioner a general description of
15 the criteria, policies, procedures, or guidelines that the insurer uses
16 for rating and underwriting decisions related to individual health
17 insurance policies, which means automatic declinable health

1 conditions, health conditions that may lead to a coverage decline,
2 height and weight standards, health history, health care utilization,
3 lifestyle, or behavior that might result in a decline for coverage or
4 severely limit the health insurance products for which they would
5 be eligible. ~~An~~

6 (2) *An* insurer may comply with this section by submitting to
7 the department underwriting materials or resource guides provided
8 to agents and brokers, provided that those materials include the
9 information required to be submitted by this section.

10 (3) *January 1, 2011, and annually thereafter, every insurer shall*
11 *post on its Internet Web site the information specified in paragraph*
12 *(1).*

13 (d) Commencing September 1, 2006, the commissioner shall
14 post on the department's Web site, in a manner accessible and
15 understandable to consumers, general, noncompany specific
16 information about rating and underwriting criteria and practices
17 in the individual market and information about the Major Risk
18 Medical Insurance Program. The commissioner shall develop the
19 information for the Web site in consultation with the Department
20 of Managed Health Care to enhance the consistency of information
21 provided to consumers. Information about individual health
22 insurance shall also include the following notification:

23
24 "Please examine your options carefully before declining group
25 coverage or continuation coverage, such as COBRA, that may be
26 available to you. You should be aware that companies selling
27 individual health insurance typically require a review of your
28 medical history that could result in a higher premium or you could
29 be denied coverage entirely."
30

31 (e) Nothing in this section shall authorize public disclosure of
32 company-specific rating and underwriting criteria and practices
33 submitted to the commissioner.

34 (f) This section shall not apply to a closed block of business, as
35 defined in Section 10176.10.

36 ~~SECTION 1. Section 1342.1 is added to the Health and Safety~~
37 ~~Code, to read:~~

38 ~~1342.1. On and after January 1, 2011, every health care service~~
39 ~~plan that issues, sells, renews, or offers contracts for health care~~
40 ~~coverage in this state in the small or large group markets shall~~

1 meet the requirements of Part A (commencing with Section 300gg)
2 of Subchapter XXV of Chapter 6A of Title 42 of the United States
3 Code.

4 SEC. 2. ~~Section 10121.8 is added to the Insurance Code, to~~
5 ~~read:~~

6 ~~10121.8. On and after January 1, 2011, every health insurer~~
7 ~~that issues, sells, or offers group policies for health care coverage~~
8 ~~in this state in the small or large group markets shall meet the~~
9 ~~requirements of Part A (commencing with Section 300gg) of~~
10 ~~Subchapter XXV of Chapter 6A of Title 42 of the United States~~
11 ~~Code.~~

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