

Introduced by Senator Strickland

February 19, 2010

An act to amend Section 1357.03 of the Health and Safety Code, relating to health care service plans.

LEGISLATIVE COUNSEL'S DIGEST

SB 1379, as introduced, Strickland. Health care service plans.

Existing law, the Knox-Keene Health Care Service Plan Act of 1975, provides for licensure and regulation of health care service plans by the Department of Managed Health Care. Existing law, among other things, requires a health care service plan to fairly and affirmatively offer, market, and sell to all small employers all of the plan's contracts that are sold to small employers in the same service area.

This bill would make a technical, nonsubstantive change to these provisions.

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

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

- 1 SECTION 1. Section 1357.03 of the Health and Safety Code
- 2 is amended to read:
- 3 1357.03. (a) ~~Upon~~ *On and after* the effective date of this
- 4 article, a plan shall fairly and affirmatively offer, market, and sell
- 5 all of the plan's health care service plan contracts that are sold to
- 6 small employers or to associations that include small employers
- 7 to all small employers in each service area in which the plan
- 8 provides or arranges for the provision of health care services. A
- 9 plan contracting to participate in the voluntary purchasing pool

1 for small employers provided for under Article 4 (commencing
2 with Section 10730) of Chapter 8 of Part 2 of Division 2 of the
3 Insurance Code shall be deemed in compliance with this
4 requirement for a contract offered through the voluntary purchasing
5 pool established under Article 4 (commencing with Section 10730)
6 of Chapter 8 of Part 2 of Division 2 of the Insurance Code in those
7 geographic regions in which plans participate in the pool, if the
8 contract is offered exclusively through the pool. Each plan shall
9 make available to each small employer all small employer health
10 care service plan contracts that the plan offers and sells to small
11 employers or to associations that include small employers in this
12 state. No plan or solicitor shall induce or otherwise encourage a
13 small employer to separate or otherwise exclude an eligible
14 employee from a health care service plan contract that is provided
15 in connection with the employee’s employment or membership in
16 a guaranteed association.

17 (b) Every plan shall file with the director the reasonable
18 employee participation requirements and employer contribution
19 requirements that will be applied in offering its plan contracts.
20 Participation requirements shall be applied uniformly among all
21 small employer groups, except that a plan may vary application
22 of minimum employee participation requirements by the size of
23 the small employer group and whether the employer contributes
24 100 percent of the eligible employee’s premium. Employer
25 contribution requirements shall not vary by employer size. A health
26 care service plan shall not establish a participation requirement
27 that (1) requires a person who meets the definition of a dependent
28 in subdivision (a) of Section 1357 to enroll as a dependent if he
29 or she is otherwise eligible for coverage and wishes to enroll as
30 an eligible employee and (2) allows a plan to reject an otherwise
31 eligible small employer because of the number of persons that
32 waive coverage due to coverage through another employer.
33 Members of an association eligible for health coverage under
34 subdivision (o) of Section 1357, but not electing any health
35 coverage through the association, shall not be counted as eligible
36 employees for purposes of determining whether the guaranteed
37 association meets a plan’s reasonable participation standards.

38 (c) The plan shall not reject an application from a small
39 employer for a health care service plan contract if all of the
40 following are met:

1 (1) The small employer, as defined by paragraph (1) of
2 subdivision (l) of Section 1357, offers health benefits to 100
3 percent of its eligible employees, as defined by paragraph (1) of
4 subdivision (b) of Section 1357. Employees who waive coverage
5 on the grounds that they have other group coverage shall not be
6 counted as eligible employees.

7 (2) The small employer agrees to make the required premium
8 payments.

9 (3) The small employer agrees to inform the small employers'
10 employees of the availability of coverage and the provision that
11 those not electing coverage must wait one year to obtain coverage
12 through the group if they later decide they would like to have
13 coverage.

14 (4) The employees and their dependents who are to be covered
15 by the plan contract work or reside in the service area in which
16 the plan provides or otherwise arranges for the provision of health
17 care services.

18 (d) No plan or solicitor shall, directly or indirectly, engage in
19 the following activities:

20 (1) Encourage or direct small employers to refrain from filing
21 an application for coverage with a plan because of the health status,
22 claims experience, industry, occupation of the small employer, or
23 geographic location provided that it is within the plan's approved
24 service area.

25 (2) Encourage or direct small employers to seek coverage from
26 another plan or the voluntary purchasing pool established under
27 Article 4 (commencing with Section 10730) of Chapter 8 of Part
28 2 of Division 2 of the Insurance Code because of the health status,
29 claims experience, industry, occupation of the small employer, or
30 geographic location provided that it is within the plan's approved
31 service area.

32 (e) A plan shall not, directly or indirectly, enter into any contract,
33 agreement, or arrangement with a solicitor that provides for or
34 results in the compensation paid to a solicitor for the sale of a
35 health care service plan contract to be varied because of the health
36 status, claims experience, industry, occupation, or geographic
37 location of the small employer. This subdivision does not apply
38 to a compensation arrangement that provides compensation to a
39 solicitor on the basis of percentage of premium, provided that the
40 percentage shall not vary because of the health status, claims

1 experience, industry, occupation, or geographic area of the small
2 employer.

3 (f) A policy or contract that covers two or more employees shall
4 not establish rules for eligibility, including continued eligibility,
5 of an individual, or dependent of an individual, to enroll under the
6 terms of the plan based on any of the following health status-related
7 factors:

8 (1) Health status.

9 (2) Medical condition, including physical and mental illnesses.

10 (3) Claims experience.

11 (4) Receipt of health care.

12 (5) Medical history.

13 (6) Genetic information.

14 (7) Evidence of insurability, including conditions arising out of
15 acts of domestic violence.

16 (8) Disability.

17 (g) A plan shall comply with the requirements of Section 1374.3.