

AMENDED IN SENATE AUGUST 24, 2012
AMENDED IN SENATE AUGUST 21, 2012
AMENDED IN SENATE AUGUST 17, 2011
AMENDED IN SENATE JUNE 30, 2011
AMENDED IN ASSEMBLY MAY 27, 2011
AMENDED IN ASSEMBLY MAY 10, 2011
AMENDED IN ASSEMBLY APRIL 14, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 792

**Introduced by Assembly Member Bonilla
(Coauthor: Assembly Member Huffman)**

February 17, 2011

An act to add Sections 2024.7 and 8613.7 to the Family Code, to add ~~Sections~~ *Section* 1366.50 and 1366.51 to the Health and Safety Code, and to add ~~Sections~~ *Section* 10786 and 10787 to the Insurance Code, relating to health care coverage.

LEGISLATIVE COUNSEL'S DIGEST

AB 792, as amended, Bonilla. Health care coverage: California Health Benefit Exchange.

Existing law, the federal Patient Protection and Affordable Care Act, requires each state to, by January 1, 2014, establish an American Health Benefit Exchange that makes available qualified health plans to qualified individuals and small employers. Existing state law establishes the California Health Benefit Exchange within state government, specifies

the powers and duties of the board governing the Exchange relative to determining eligibility for enrollment in the Exchange and arranging for coverage under qualified health plans, and requires the board to facilitate the purchase of qualified health plans through the Exchange by qualified individuals and small employers by January 1, 2014.

Existing law, the Knox-Keene Health Care Service Plan Act of 1975, provides for the regulation of health care service plans by the Department of Managed Health Care and makes a willful violation of the act a crime. Existing law provides for the regulation of health insurers by the Department of Insurance. ~~Existing law imposes specified requirements on health care service plans and health insurers that provide medical and hospital coverage under an employer-sponsored group plan for an employer, employee association, or other entity subject to requirements under COBRA or Cal-COBRA, as defined.~~ Existing law sets forth procedures related to a petition for dissolution of marriage, nullity of marriage, or legal separation, or a petition for adoption.

This bill would require a court, upon the filing of a petition for dissolution of marriage, nullity of marriage, or legal separation on and after January 1, 2014, to provide a specified notice informing the petitioner and respondent that they may be eligible for reduced-cost coverage through the Exchange or no-cost coverage through Medi-Cal. The bill would also require a court to provide such a notice to a petition for adoption. The bill would require the notice to include information regarding obtaining coverage through those programs and would require the notice to be developed by the Exchange.

Commencing January 1, 2014, this bill would require specified health care service plans and health insurers to provide to individuals who cease to be enrolled in individual *or group* coverage ~~and to individuals who lose coverage under an employer-sponsored group plan~~ a notice informing those individuals that they may be eligible for reduced-cost coverage through the Exchange or no-cost coverage through Medi-Cal. The bill would require the notice to include information regarding obtaining coverage through those programs and would require that the notice be developed *no later than July 1, 2013*, by the Department of Managed Health Care and the Department of Insurance, *as specified*.

Because a willful violation of the bill's provisions relative to health care service plans would be a crime, the 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.

State-mandated local program: yes.

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

1 SECTION 1. Section 2024.7 is added to the Family Code, to
2 read:

3 2024.7. On and after January 1, 2014, upon the filing of a
4 petition for dissolution of marriage, nullity of marriage, or legal
5 separation, the court shall provide to the petitioner and the
6 respondent a notice informing him or her that he or she may be
7 eligible for reduced-cost coverage through the California Health
8 Benefit Exchange established under Title 22 (commencing with
9 Section 100500) of the Government Code or no-cost coverage
10 through Medi-Cal. The notice shall include information on
11 obtaining coverage pursuant to those programs, and shall be
12 developed by the California Health Benefit Exchange.

13 SEC. 2. Section 8613.7 is added to the Family Code, to read:

14 8613.7. On and after January 1, 2014, the court shall provide
15 to any petitioner for adoption pursuant to this part a notice
16 informing him or her that he or she may be eligible for reduced-cost
17 coverage through the California Health Benefit Exchange
18 established under Title 22 (commencing with Section 100500) of
19 the Government Code or no-cost coverage through Medi-Cal. The
20 notice shall include information on obtaining coverage pursuant
21 to those programs, and shall be developed by the California Health
22 Benefit Exchange.

23 ~~SEC. 3. Section 1366.50 is added to the Health and Safety~~
24 ~~Code, to read:~~

25 ~~1366.50. (a) On and after January 1, 2014, a health care service~~
26 ~~plan that provides medical and hospital coverage under an~~
27 ~~employer-sponsored group plan for an employer subject to~~
28 ~~COBRA, as defined in subdivision (e) of Section 1373.621, or an~~
29 ~~employer group for which the plan is required to offer Cal-COBRA~~
30 ~~coverage, as defined in subdivision (f) of Section 1373.621, shall,~~

1 consistent with this section and to the extent permitted under the
 2 federal Patient Protection and Affordable Care Act (Public Law
 3 111-148), provide a notice to qualified beneficiaries upon a
 4 qualifying event informing them that they may be eligible for
 5 reduced-cost coverage through the California Health Benefit
 6 Exchange established under Title 22 (commencing with Section
 7 100500) of the Government Code or no-cost coverage through
 8 Medi-Cal. The notice shall include information on obtaining
 9 coverage pursuant to those programs, shall be in no less than
 10 12-point type, and shall be developed by the department, in
 11 consultation with the Department of Insurance.

12 (b) ~~The notice described in subdivision (a) may be incorporated~~
 13 ~~into existing COBRA or Cal-COBRA notices or other existing~~
 14 ~~notices.~~

15 (e) ~~For purposes of this section:~~

16 (1) ~~“Qualified beneficiary” means any individual who, on the~~
 17 ~~day before the qualifying event, is an enrollee in a group benefit~~
 18 ~~plan offered by a health care service plan and who has a qualifying~~
 19 ~~event.~~

20 (2) ~~“Qualifying event” means any of the following events that~~
 21 ~~would result in a loss of coverage under the group benefit plan to~~
 22 ~~a qualified beneficiary:~~

23 (A) ~~The death of the covered employee.~~

24 (B) ~~The termination of employment or reduction in hours of the~~
 25 ~~covered employee’s employment.~~

26 (C) ~~The divorce or legal separation of the covered employee~~
 27 ~~from the covered employee’s spouse.~~

28 (D) ~~The loss of dependent status by a dependent enrolled in the~~
 29 ~~group benefit plan.~~

30 (E) ~~With respect to a covered dependent only, the covered~~
 31 ~~employee’s entitlement to benefits under Title XVIII of the federal~~
 32 ~~Social Security Act.~~

33 (d) ~~This section shall not apply with respect to a specialized~~
 34 ~~health care service plan contract or a plan contract consisting solely~~
 35 ~~of coverage of excepted benefits as described in Section 2722 of~~
 36 ~~the federal Public Health Service Act (42 U.S.C. Sec. 300gg-21).~~

37 ~~SEC. 4.~~

38 *SEC. 3.* ~~Section 1366.51~~ *1366.50* is added to the Health and
 39 Safety Code, to read:

1 ~~1366.51.~~

2 1366.50. (a) On and after January 1, 2014, a health care service
3 plan providing individual *or group* health care coverage shall
4 provide to individuals, dependents, or former dependents *enrollees*
5 *or subscribers* who cease to be enrolled in individual coverage a
6 notice informing them that they may be eligible for reduced-cost
7 coverage through the California Health Benefit Exchange
8 established under Title 22 (commencing with Section 100500) of
9 the Government Code or no-cost coverage through Medi-Cal. The
10 notice shall include information on obtaining coverage pursuant
11 to those programs, shall be in no less than 12-point type, and shall
12 be developed by the department, *no later than July 1, 2013*, in
13 consultation with the Department of Insurance *and the California*
14 *Health Benefit Exchange*.

15 (b) The notice described in subdivision (a) may be incorporated
16 into or sent simultaneously with and in the same manner as ~~existing~~
17 *any other notices sent by the health care service plan*.

18 (c) This section shall not apply with respect to a specialized
19 health care service plan contract or a *Medicare supplemental* plan
20 contract ~~consisting solely of coverage of excepted benefits as~~
21 ~~described in Section 2722 of the federal Public Health Service Act~~
22 ~~(42 U.S.C. Sec. 300gg-21).~~

23 ~~SEC. 5. Section 10786 is added to the Insurance Code, to read:~~

24 10786. (a) ~~On and after January 1, 2014, a health insurer that~~
25 ~~provides medical and hospital coverage under an~~
26 ~~employer-sponsored group plan for an employer subject to~~
27 ~~COBRA, as defined in subdivision (e) of Section 10116.5, or an~~
28 ~~employer group for which the insurer is required to offer~~
29 ~~Cal-COBRA coverage, as defined in subdivision (f) of Section~~
30 ~~10116.5, shall, consistent with this section and to the extent~~
31 ~~permitted under the federal Patient Protection and Affordable Care~~
32 ~~Act (Public Law 111-148), provide a notice to qualified~~
33 ~~beneficiaries upon a qualifying event informing them that they~~
34 ~~may be eligible for reduced-cost coverage through the California~~
35 ~~Health Benefit Exchange established under Title 22 (commencing~~
36 ~~with Section 100500) of the Government Code or no-cost coverage~~
37 ~~through Medi-Cal. The notice shall include information on~~
38 ~~obtaining coverage pursuant to those programs, shall be in no less~~
39 ~~than 12-point type, and shall be developed by the department, in~~
40 ~~consultation with the Department of Managed Health Care.~~

1 ~~(b) The notice described in subdivision (a) may be incorporated~~
 2 ~~into existing COBRA or Cal-COBRA notices or other existing~~
 3 ~~notices.~~

4 ~~(e) For purposes of this section:~~

5 ~~(1) “Qualified beneficiary” means any individual who, on the~~
 6 ~~day before the qualifying event, is an enrollee in a group benefit~~
 7 ~~plan offered by a health insurer and who has a qualifying event.~~

8 ~~(2) “Qualifying event” means any of the following events that~~
 9 ~~would result in a loss of coverage under the group benefit plan to~~
 10 ~~a qualified beneficiary:~~

11 ~~(A) The death of the covered employee.~~

12 ~~(B) The termination of employment or reduction in hours of the~~
 13 ~~covered employee’s employment.~~

14 ~~(C) The divorce or legal separation of the covered employee~~
 15 ~~from the covered employee’s spouse.~~

16 ~~(D) The loss of dependent status by a dependent enrolled in the~~
 17 ~~group benefit plan.~~

18 ~~(E) With respect to a covered dependent only, the covered~~
 19 ~~employee’s entitlement to benefits under Title XVIII of the federal~~
 20 ~~Social Security Act.~~

21 ~~(d) This section shall not apply with respect to a specialized~~
 22 ~~health insurance policy or a health insurance policy consisting~~
 23 ~~solely of coverage of excepted benefits as described in Section~~
 24 ~~2722 of the federal Public Health Service Act (42 U.S.C. Sec.~~
 25 ~~300gg-21).~~

26 ~~SEC. 6.~~

27 ~~SEC. 4.~~ Section ~~10787~~ 10786 is added to the Insurance Code,
 28 to read:

29 ~~10787.~~

30 10786. (a) On and after January 1, 2014, a health insurer
 31 providing individual health-care insurance coverage shall provide
 32 to individuals, dependents, or former dependents *policyholders in*
 33 *individual policies or certificate holders in group policies* who
 34 cease to be enrolled in individual coverage a notice informing them
 35 that they may be eligible for reduced-cost coverage through the
 36 California Health Benefit Exchange established under Title 22
 37 (commencing with Section 100500) of the Government Code or
 38 no-cost coverage through Medi-Cal. The notice shall include
 39 information on obtaining coverage pursuant to those programs,
 40 shall be in no less than 12-point type, and shall be developed by

1 the department, *no later than July 1, 2013*, in consultation with
2 the Department of Managed Health Care *and the California Health*
3 *Benefit Exchange*.

4 (b) The notice described in subdivision (a) may be incorporated
5 into or sent simultaneously with and in the same manner as ~~existing~~
6 ~~notices~~ *any other notices sent by the health insurer*.

7 (c) This section shall not apply with respect to a specialized
8 health insurance policy or a health insurance policy consisting
9 solely of coverage of excepted benefits as described in Section
10 2722 of the federal Public Health Service Act (42 U.S.C. Sec.
11 300gg-21).

12 ~~SEC. 7.~~

13 *SEC. 5.* No reimbursement is required by this act pursuant to
14 Section 6 of Article XIII B of the California Constitution because
15 the only costs that may be incurred by a local agency or school
16 district will be incurred because this act creates a new crime or
17 infraction, eliminates a crime or infraction, or changes the penalty
18 for a crime or infraction, within the meaning of Section 17556 of
19 the Government Code, or changes the definition of a crime within
20 the meaning of Section 6 of Article XIII B of the California
21 Constitution.