

Introduced by Senator AlquistDecember 15, 2010

An act to add Sections 1367.001 and 1367.003 to the Health and Safety Code, and to add Sections 10112.1 and 10112.25 to the Insurance Code, relating to health care coverage.

LEGISLATIVE COUNSEL'S DIGEST

SB 51, as introduced, Alquist. Health care coverage.

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 willful violation of the act a crime. Existing law prohibits a health care service plan from expending for administrative costs, as defined, an excessive amount of the payments the plan receives for providing health care services to its subscribers and enrollees.

Existing law provides for the regulation of health insurers by the Department of Insurance. The Insurance Commissioner is required to withdraw approval of an individual or mass-marketed policy of disability insurance if the commissioner finds that the benefits provided under the policy are unreasonable in relation to the premium charged, as specified.

The federal Patient Protection and Affordable Care Act prohibits a health insurance issuer issuing health insurance coverage from establishing lifetime limits or unreasonable annual limits on the dollar value of benefits for any participant or beneficiary, as specified. The act also requires a health insurance issuer issuing health insurance coverage to provide an annual rebate to each enrollee if the ratio of the amount of the revenue expended by the issuer on costs to the total

amount of premium revenue is less than a certain percentage, as specified.

This bill would require health care service plans and health insurers to comply with the requirements imposed under those provisions to the extent required under federal law.

Because a willful violation of those requirements with respect 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 1367.001 is added to the Health and
2 Safety Code, to read:

3 1367.001. To the extent required by federal law, every health
4 care service plan that issues, sells, renews, or offers contracts for
5 health care coverage in this state shall comply with the
6 requirements of Section 2711 of the federal Public Health Service
7 Act (42 U.S.C. Sec. 300gg-11) and any rules or regulations issued
8 under that section, in addition to any state laws or regulations that
9 do not prevent the application of those requirements.

10 SEC. 2. Section 1367.003 is added to the Health and Safety
11 Code, to read:

12 1367.003. To the extent required by federal law, every health
13 care service plan that issues, sells, renews, or offers contracts for
14 health care coverage in this state shall comply with the
15 requirements of Section 2718 of the federal Public Health Service
16 Act (42 U.S.C. Sec. 300gg-18) and any rules or regulations issued
17 under that section.

18 SEC. 3. Section 10112.1 is added to the Insurance Code, to
19 read:

20 10112.1. To the extent required by federal law, every health
21 insurer that issues, sells, renews, or offers policies for health care
22 coverage in this state shall comply with the requirements of Section

1 2711 of the federal Public Health Service Act (42 U.S.C. Sec.
2 300gg-11) and any rules or regulations issued under that section,
3 in addition to any state laws or regulations that do not prevent the
4 application of those requirements.

5 SEC. 4. Section 10112.25 is added to the Insurance Code, to
6 read:

7 10112.25. To the extent required by federal law, every health
8 insurer that issues, sells, renews, or offers policies for health care
9 coverage in this state shall comply with the requirements of Section
10 2718 of the federal Public Health Service Act (42 U.S.C. Sec.
11 300gg-18) and any rules or regulations issued under that section.

12 SEC. 5. 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.