

ASSEMBLY BILL

No. 1018

Introduced by Assembly Member Conway

February 22, 2013

An act to amend Section 1389.5 of the Health and Safety Code, relating to health care service plans.

LEGISLATIVE COUNSEL'S DIGEST

AB 1018, as introduced, Conway. Health care service plans: transfers to different individual plans.

Existing law, the Knox-Keene Health Care Service Plan Act of 1975 (the Knox-Keene Act), 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 requires a health care service plan to permit an individual who has been covered for at least 18 months under an individual plan contract to transfer, without medical underwriting, as defined, to another individual plan contract offered by the same health care service plan, that provides equal or lesser benefits.

This bill would make technical, nonsubstantive changes 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 1389.5 of the Health and Safety Code is
2 amended to read:

1 1389.5. (a) This section shall apply to a health care service
2 plan that provides coverage under an individual plan contract that
3 is issued, amended, delivered, or renewed on or after January 1,
4 2007.

5 (b) At least once each year, the health care service plan shall
6 permit an individual who has been covered for at least 18 months
7 under an individual plan contract to transfer, without medical
8 underwriting, to any other individual plan contract offered by that
9 same health care service plan that provides equal or lesser benefits,
10 as determined by the plan.

11 “Without medical underwriting” means that the health care
12 service plan shall not decline to offer coverage to, or deny
13 enrollment of, the individual or impose ~~any~~ a preexisting condition
14 exclusion on the individual who transfers to another individual
15 plan contract pursuant to this section.

16 (c) The plan shall establish, for the purposes of subdivision (b),
17 a ranking of the individual plan contracts it offers to individual
18 purchasers and *either* post the ranking on its Internet Web site or
19 make the ranking available upon request. The plan shall update
20 the ranking whenever a new benefit design for individual
21 purchasers is approved.

22 (d) The plan shall notify in writing all enrollees of the right to
23 transfer to another individual plan contract pursuant to this section,
24 at a minimum, when the plan changes the enrollee’s premium rate.
25 Posting this information on the plan’s Internet Web site shall not
26 constitute notice for purposes of this subdivision. The notice shall
27 adequately inform enrollees of the transfer rights provided under
28 this section, including information on the process to obtain details
29 about the individual plan contracts available to that enrollee and
30 advising that the enrollee may be unable to return to his or her
31 current individual plan contract if the enrollee transfers to another
32 individual plan contract.

33 (e) The requirements of this section shall not apply to the
34 following:

35 (1) A federally eligible defined individual, as defined in
36 subdivision (c) of Section 1399.801, who is enrolled in an
37 individual health benefit plan contract offered pursuant to Section
38 1366.35.

39 (2) An individual offered conversion coverage pursuant to
40 Section 1373.6.

1 (3) Individual coverage under a specialized health care service
2 plan contract.

3 (4) An individual enrolled in the Medi-Cal program pursuant
4 to Chapter 7 (commencing with Section 14000) of Division 9 of
5 Part 3 of the Welfare and Institutions Code.

6 (5) An individual enrolled in the Access for Infants and Mothers
7 Program pursuant to Part 6.3 (commencing with Section 12695)
8 of Division 2 of the Insurance Code.

9 (6) An individual enrolled in the Healthy Families Program
10 pursuant to Part 6.2 (commencing with Section 12693) of Division
11 2 of the Insurance Code.

12 (f) It is the intent of the Legislature that individuals ~~shall~~ have
13 more choice in their health coverage when health care service plans
14 guarantee the right of an individual to transfer to another product
15 based on the plan's own ranking system. The Legislature does not
16 intend for the department to review or verify the plan's ranking
17 for actuarial or other purposes.

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