

AMENDED IN SENATE APRIL 7, 2014

SENATE BILL

No. 1176

Introduced by Senator Steinberg

February 20, 2014

An act to add Section 1367.0061 to the Health and Safety Code, and to add Section 10112.281 to the Insurance Code, relating to health care coverage.

LEGISLATIVE COUNSEL'S DIGEST

SB 1176, as amended, Steinberg. Health care coverage: ~~consumer notice: cost sharing: tracking.~~

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. *A willful violation of the act is a crime.* Existing law provides for the regulation of health insurers by the Department of Insurance. Existing law requires a plan or insurer to ~~provide certain disclosures of the benefits, services, and terms of a contract or policy: limit annual out-of-pocket expenses for all covered benefits, as specified.~~

This bill would require a health care service plan or health insurer to be responsible for monitoring the accrual of out-of-pocket costs. The bill would require a health care service plan or health insurer to track the accumulation of cost sharing for covered essential health benefits attributed to in-network providers, and would prohibit those entities from requiring consumers to track or monitor those costs. The bill would require a plan or insurer to accept claims from the provider or the consumer with respect to cost sharing for out-of-network providers who are providing certain emergency services or otherwise providing covered benefits. The bill would also require a plan or insurer to notify

each enrollee or insured when his or her cost sharing has reached the maximum annual out-of-pocket limit for covered essential health benefits and to reimburse an enrollee or insured within 30 days of receiving a claim for cost sharing paid in excess of the maximum annual out-of-pocket limit. Because a willful violation of the bill’s provisions by a health care service plan 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.

~~This bill would declare the intent of the Legislature to enact legislation that would require private health care service plans and health insurance companies to notify a consumer when that individual has achieved the maximum limits related to his or her copay, coinsurance, and deductible as stipulated in the consumer’s contract.~~

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

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

- 1 SECTION 1. Section 1367.0061 is added to the Health and
- 2 Safety Code, immediately following Section 1367.006, to read:
- 3 1367.0061. (a) The health care service plan shall be
- 4 responsible for monitoring accrual of out-of-pocket costs as defined
- 5 in Section 1367.006.
- 6 (b) The health care service plan shall track the accumulation
- 7 of cost sharing for covered essential health benefits attributed to
- 8 in-network providers, including contracted vendors. The plan shall
- 9 not require consumers to track or monitor the accumulation of
- 10 cost sharing for covered essential health benefits attributed to
- 11 in-network providers, including contracted vendors.
- 12 (c) For cost sharing attributed to out-of-network providers who
- 13 are providing emergency services consistent with Section 1371.4
- 14 or otherwise providing covered benefits, the health care service
- 15 plan shall accept claims from the provider or the consumer with
- 16 respect to cost sharing.

1 (d) If the cost sharing for covered essential health benefits
2 attributable to an enrollee exceeds the maximum annual
3 out-of-pocket limits, the health care service plan shall be
4 responsible for reimbursing the individual within 30 days of receipt
5 of claims information.

6 (e) The health care service plan shall notify each enrollee when
7 the enrollee's cost sharing has reached the maximum annual
8 out-of-pocket limit for covered essential health benefits.

9 (f) Nothing in this section shall be construed as requiring the
10 enrollee to determine or identify when the maximum annual
11 out-of-pocket limit for covered benefits has been reached.

12 SEC. 2. Section 10112.281 is added to the Insurance Code,
13 immediately following Section 10112.28, to read:

14 10112.281. (a) The health insurer shall be responsible for
15 monitoring accrual of out-of-pocket costs as defined in Section
16 10112.28.

17 (b) The health insurer shall track the accumulation of cost
18 sharing for covered essential health benefits attributed to
19 in-network providers, including contracted vendors. The insurer
20 shall not require consumers to track or monitor the accumulation
21 of cost sharing for covered essential health benefits attributed to
22 in-network providers, including contracted vendors.

23 (c) For cost sharing attributed to out-of-network providers who
24 are providing emergency services consistent with Section 10112.7
25 or otherwise providing covered benefits, the health insurer shall
26 accept claims from the provider or the consumer with respect to
27 cost sharing.

28 (d) If the cost sharing for covered essential health benefits
29 attributable to an insured exceeds the maximum annual
30 out-of-pocket limits, the health insurer shall be responsible for
31 reimbursing the individual within 30 days of receipt of claims
32 information.

33 (e) The health insurer shall notify each insured when the
34 insured's cost sharing has reached the maximum annual
35 out-of-pocket limit for covered essential health benefits.

36 (f) Nothing in this section shall be construed as requiring the
37 insured to determine or identify when the maximum annual
38 out-of-pocket limit for covered benefits has been reached.

39 SEC. 3. No reimbursement is required by this act pursuant to
40 Section 6 of Article XIII B of the California Constitution because

1 *the only costs that may be incurred by a local agency or school*
2 *district will be incurred because this act creates a new crime or*
3 *infraction, eliminates a crime or infraction, or changes the penalty*
4 *for a crime or infraction, within the meaning of Section 17556 of*
5 *the Government Code, or changes the definition of a crime within*
6 *the meaning of Section 6 of Article XIII B of the California*
7 *Constitution.*

8 ~~SECTION 1. It is the intent of the Legislature to enact~~
9 ~~legislation that would require private health care service plans and~~
10 ~~health insurance companies to notify a consumer when that~~
11 ~~individual has achieved the maximum limits related to his or her~~
12 ~~copay, coinsurance, and deductible as stipulated in the consumer's~~
13 ~~contract.~~