

Introduced by Senator HernandezFebruary 20, 2014

An act to amend Section 1367.006 of the Health and Safety Code, and to amend Section 10112.28 of the Insurance Code, relating to health care coverage.

LEGISLATIVE COUNSEL'S DIGEST

SB 1215, as introduced, Hernandez. Health care coverage.

Existing federal law, the federal Patient Protection and Affordable Care Act (PPACA), enacts various health care coverage market reforms that take effect January 1, 2014. Among other things, PPACA establishes annual limits on deductibles for employer-sponsored plans and defines bronze, silver, gold, and platinum levels of coverage for the nongrandfathered individual and small group markets.

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 also provides for the regulation of health insurers by the Department of Insurance.

Existing law requires that nongrandfathered care service plan and health insurance contracts that are issued, amended, or renewed on or after January 1, 2015, provide for a limit on annual out-of-pocket expenses for covered benefits, as specified.

This bill would correct erroneous references in those 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 1367.006 of the Health and Safety Code
2 is amended to read:

3 1367.006. (a) This section shall apply to nongrandfathered
4 individual and group health care service plan contracts that provide
5 coverage for essential health benefits, as defined in Section
6 1367.005, and that are issued, amended, or renewed on or after
7 January 1, 2015.

8 (b) (1) For nongrandfathered health care service plan contracts
9 in the individual or small group markets, a health care service plan
10 contract, except a specialized health care service plan contract,
11 that is issued, amended, or renewed on or after January 1, 2015,
12 shall provide for a limit on annual out-of-pocket expenses for all
13 covered benefits that meet the definition of essential health benefits
14 in Section 1367.005, including out-of-network emergency care
15 consistent with Section ~~1317.4~~. 1371.4.

16 (2) For nongrandfathered health care service plan contracts in
17 the large group market, a health care service plan contract, except
18 a specialized health care service plan contract, that is issued,
19 amended, or renewed on or after January 1, 2015, shall provide
20 for a limit on annual out-of-pocket expenses for covered benefits,
21 including out-of-network emergency care consistent with Section
22 1371.4. This limit shall only apply to essential health benefits, as
23 defined in Section 1367.005, that are covered under the plan to
24 the extent that this provision does not conflict with federal law or
25 guidance on out-of-pocket maximums for nongrandfathered health
26 care service plan contracts in the large group market.

27 (c) (1) The limit described in subdivision (b) shall not exceed
28 the limit described in Section 1302(c) of PPACA, and any
29 subsequent rules, regulations, or guidance issued under that section.

30 (2) The limit described in subdivision (b) shall result in a total
31 maximum out-of-pocket limit for all *covered* essential health
32 benefits equal to the dollar amounts in effect under Section
33 223(c)(2)(A)(ii) of the Internal Revenue Code of 1986 with the
34 dollar amounts adjusted as specified in Section 1302(c)(1)(B) of
35 PPACA.

36 (d) Nothing in this section shall be construed to affect the
37 reduction in cost sharing for eligible enrollees described in Section

1 1402 of PPACA, and any subsequent rules, regulations, or guidance
2 issued under that section.

3 (e) If an essential health benefit is offered or provided by a
4 specialized health care service plan, the total annual out-of-pocket
5 maximum for all covered essential benefits shall not exceed the
6 limit in subdivision—~~(b)~~ (c). This section shall not apply to a
7 specialized health care service plan that does not offer an essential
8 health benefit as defined in Section 1367.005.

9 (f) The maximum out-of-pocket limit shall apply to any
10 copayment, coinsurance, deductible, and any other form of cost
11 sharing for all covered benefits that meet the definition of essential
12 health benefits in Section 1367.005.

13 (g) For nongrandfathered health plan contracts in the group
14 market, “plan year” has the meaning set forth in Section 144.103
15 of Title 45 of the Code of Federal Regulations. For
16 nongrandfathered health plan contracts sold in the individual
17 market, “plan year” means the calendar year.

18 (h) “PPACA” means the federal Patient Protection and
19 Affordable Care Act (Public Law 111-148), as amended by the
20 federal Health Care and Education Reconciliation Act of 2010
21 (Public Law 111-152), and any rules, regulations, or guidance
22 issued thereunder.

23 SEC. 2. Section 10112.28 of the Insurance Code is amended
24 to read:

25 10112.28. (a) This section shall apply to nongrandfathered
26 individual and group health insurance policies that provide
27 coverage for essential health benefits, as defined in Section
28 10112.27, and that are issued, amended, or renewed on or after
29 January 1, 2015.

30 (b) (1) For nongrandfathered health insurance policies in the
31 individual or small group markets, a health insurance policy, except
32 a specialized health insurance policy, that is issued, amended, or
33 renewed on or after January 1, 2015, shall provide for a limit on
34 annual out-of-pocket expenses for all covered benefits that meet
35 the definition of essential health benefits in Section 10112.27,
36 including out-of-network emergency care.

37 (2) For nongrandfathered health insurance policies in the large
38 group market, a health insurance policy, except a specialized health
39 insurance policy, that is issued, amended, or renewed on or after
40 January 1, 2015, shall provide for a limit on annual out-of-pocket

1 expenses for covered benefits, including out-of-network emergency
2 care. This limit shall apply only to essential health benefits, as
3 defined in Section 10112.27, that are covered under the policy to
4 the extent that this provision does not conflict with federal law or
5 guidance on out-of-pocket maximums for nongrandfathered health
6 insurance policies in the large group market.

7 (c) (1) The limit described in subdivision (b) shall not exceed
8 the limit described in Section 1302(c) of PPACA and any
9 subsequent rules, regulations, or guidance issued under that section.

10 (2) The limit described in subdivision (b) shall result in a total
11 maximum out-of-pocket limit for all covered essential health
12 benefits that shall equal the dollar amounts in effect under Section
13 223(c)(2)(A)(ii) of the Internal Revenue Code of 1986 with the
14 dollar amounts adjusted as specified in Section 1302(c)(1)(B) of
15 PPACA.

16 (d) Nothing in this section shall be construed to affect the
17 reduction in cost sharing for eligible insureds described in Section
18 1402 of PPACA and any subsequent rules, regulations, or guidance
19 issued under that section.

20 (e) If an essential health benefit is offered or provided by a
21 specialized health insurance policy, the total annual out-of-pocket
22 maximum for all covered essential benefits shall not exceed the
23 limit in subdivision ~~(b)~~ (c). This section shall not apply to a
24 specialized health insurance policy that does not offer an essential
25 health benefit as defined in Section ~~10112.28~~. 10112.27.

26 (f) The maximum out-of-pocket limit shall apply to any
27 copayment, coinsurance, deductible, and any other form of cost
28 sharing for all covered benefits that meet the definition of essential
29 health benefits, as defined in Section ~~10112.28~~. 10112.27.

30 (g) For nongrandfathered health insurance policies in the group
31 market, “policy year” has the meaning set forth in Section 144.103
32 of Title 45 of the Code of Federal Regulations. For
33 nongrandfathered health insurance policies sold in the individual
34 market, “policy year” means the calendar year.

35 (h) “PPACA” means the federal Patient Protection and
36 Affordable Care Act (Public Law 111-148), as amended by the
37 federal Health Care and Education Reconciliation Act of 2010

- 1 (Public Law 111-152), and any rules, regulations, or guidance
- 2 issued thereunder.

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