

ASSEMBLY BILL

No. 2115

Introduced by Assembly Member Wood

February 17, 2016

An act to amend Section 1367.009 of the Health and Safety Code, relating to health care service plans.

LEGISLATIVE COUNSEL'S DIGEST

AB 2115, as introduced, Wood. Health care service plans: levels of 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, including defining levels of coverage. Existing law makes a willful violation of the act a crime.

This bill would make a technical, nonsubstantive change 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 1367.009 of the Health and Safety Code
2 is amended to read:

1 1367.009. (a) Levels of coverage for the nongrandfathered
2 small group market are defined as follows:

3 (1) Bronze level: A health care service plan contract in the
4 bronze level shall provide a level of coverage that is actuarially
5 equivalent to 60 percent of the full actuarial value of the benefits
6 provided under the plan contract.

7 (2) Silver level: A health care service plan contract in the silver
8 level shall provide a level of coverage that is actuarially equivalent
9 to 70 percent of the full actuarial value of the benefits provided
10 under the plan contract.

11 (3) Gold level: A health care service plan contract in the gold
12 level shall provide a level of coverage that is actuarially equivalent
13 to 80 percent of the full actuarial value of the benefits provided
14 under the plan contract.

15 (4) Platinum level: A health care service plan contract in the
16 platinum level shall provide a level of coverage that is actuarially
17 equivalent to 90 percent of the full actuarial value of the benefits
18 provided under the plan contract.

19 (b) Actuarial value for nongrandfathered small employer health
20 care service plan contracts shall be determined in accordance with
21 *all of* the following:

22 (1) Actuarial value shall not vary by more than plus or minus
23 2 percent.

24 (2) Actuarial value shall be determined on the basis of essential
25 health benefits as defined in Section 1367.005 and as provided to
26 a standard, nonelderly population. For this purpose, a standard
27 population shall not include those receiving coverage through the
28 Medi-Cal or Medicare programs.

29 (3) The department may use the actuarial value methodology
30 developed consistent with Section 1302(d) of PPACA.

31 (4) The actuarial value for pediatric dental benefits, whether
32 offered by a full service plan or a specialized plan, shall be
33 consistent with federal law and guidance applicable to the plan
34 type.

35 (5) The department, in consultation with the Department of
36 Insurance and the Exchange, shall consider whether to exercise
37 state-level flexibility with respect to the actuarial value calculator
38 in order to take into account the unique characteristics of the
39 California health care coverage market, including the prevalence
40 of health care service plans, total cost of care paid for by the plan,

1 price of care, patterns of service utilization, and relevant
2 demographic factors.

3 (6) Employer contributions toward health reimbursement
4 accounts and health savings accounts shall count toward the
5 actuarial value of the product in the manner specified in federal
6 rules and guidance.

7 (c) “PPACA” means the federal Patient Protection and
8 Affordable Care Act (Public Law 111-148), as amended by the
9 federal Health Care and Education Reconciliation Act of 2010
10 (Public Law 111-152), and any rules, regulations, or guidance
11 issued thereunder.