

AMENDED IN ASSEMBLY MARCH 18, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2115**

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**Introduced by Assembly Member Wood**

February 17, 2016

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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 amended, 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~~ *took* 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. *Existing law requires the actuarial value for nongrandfathered small group markets to be determined in accordance with, among other things, a consideration by the Department of Managed Health Care, in consultation with the Department of Insurance and the California Health Benefit Exchange, of whether to exercise state-level flexibility with respect to the actuarial value calculator in order to take into account the unique characteristics of the California health care coverage market.*

~~This bill would make a technical, nonsubstantive change to these provisions.~~

*This bill would require the Department of Managed Health Care to also work in consultation with the State Department of Health Care Services in making the above consideration.*

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~ yes.  
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:  
3     1367.009. (a) Levels of coverage for the nongrandfathered  
4     small group market are defined as follows:  
5     (1) Bronze level: A health care service plan contract in the  
6     bronze level shall provide a level of coverage that is actuarially  
7     equivalent to 60 percent of the full actuarial value of the benefits  
8     provided under the plan contract.  
9     (2) Silver level: A health care service plan contract in the silver  
10    level shall provide a level of coverage that is actuarially equivalent  
11    to 70 percent of the full actuarial value of the benefits provided  
12    under the plan contract.  
13    (3) Gold level: A health care service plan contract in the gold  
14    level shall provide a level of coverage that is actuarially equivalent  
15    to 80 percent of the full actuarial value of the benefits provided  
16    under the plan contract.  
17    (4) Platinum level: A health care service plan contract in the  
18    platinum level shall provide a level of coverage that is actuarially  
19    equivalent to 90 percent of the full actuarial value of the benefits  
20    provided under the plan contract.  
21    (b) Actuarial value for nongrandfathered small employer health  
22    care service plan contracts shall be determined in accordance with  
23    all of the following:  
24    (1) Actuarial value shall not vary by more than plus or minus  
25    2 percent.  
26    (2) Actuarial value shall be determined on the basis of essential  
27    health benefits as defined in Section 1367.005 and as provided to  
28    a standard, nonelderly population. For this purpose, a standard  
29    population shall not include those receiving coverage through the  
30    Medi-Cal or Medicare programs.

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

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

7 (5) The department, in consultation with the Department of  
8 ~~Insurance~~ *Insurance, the State Department of Health Care Services,*  
9 and the Exchange, shall consider whether to exercise state-level  
10 flexibility with respect to the actuarial value calculator in order to  
11 take into account the unique characteristics of the California health  
12 care coverage market, including the prevalence of health care  
13 service plans, total cost of care paid for by the plan, price of care,  
14 patterns of service utilization, and relevant demographic factors.

15 (6) Employer contributions toward health reimbursement  
16 accounts and health savings accounts shall count toward the  
17 actuarial value of the product in the manner specified in federal  
18 rules and guidance.

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