AMENDED IN ASSEMBLY APRIL 12, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL No. 2752

Introduced by Assembly Member Nazarian

February 19, 2016

An act to add Section 1399.7 to the Health and Safety Code, and to add Section 10133.58 to the Insurance Code, relating to health care coverage.

LEGISLATIVE COUNSEL'S DIGEST

AB 2752, as amended, Nazarian. Health care coverage: continuity of care.

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 Insurance Commissioner.

~~Existing law requires certain nongrandfathered health care service plan contracts and health insurance policies to provide for a limit on annual out-of-pocket expenses for covered benefits, as specified. Existing law requires a health care service plan to furnish services in a manner providing continuity of care. Existing law requires a health insurer covering hospital, medical, and surgical expenses on a group basis and that contracts with providers for alternative rates to file a written policy with the Department of Insurance describing how the insurer will facilitate the continuity of care for new insureds receiving services during a current episode of care for an acute condition from a noncontracting provider.~~

~~This bill would declare the intent of the Legislature to enact legislation that would provide greater consumer protections regarding continuity of care for an enrollee or insured, and that would give relief to an enrollee or insured that would prevent an enrollee or insured from paying maximum out-of-pocket expenses twice in one year if the enrollee or insured involuntarily changes health plans or insurers.~~

~~Existing law requires plans and insurers to annually issue specified notices pertaining to health care coverage to enrollees and insureds.~~

This bill would require a health care service plan or a health ~~insurer to annually, every October 1,~~ *insurer, for a health care service plan contract or a health insurance policy that is issued, renewed, or amended on or after January 1, 2017, to* notify an enrollee or insured *in annual renewal materials* that the ~~enrollee's~~ *enrollee's* or insured's *prescription* drug ~~treatment~~ is no longer covered by the plan or ~~policy,~~ *policy or has changed tiers in the plan's or insurer's drug formulary,* if that is the ~~case, and that the enrollee's or insured's provider is no longer part of the provider network, if that is the~~ case. *The bill would exempt a specialized health care service plan that covers dental or vision services from that requirement. The bill would also require a health care service plan or health insurer, for a health care service plan contract or a health insurance policy that is issued, renewed, or amended on or after January 1, 2017, to include in annual renewal materials information regarding the plan's provider directory or directories.* Because a willful violation of that requirement 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.

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

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

~~SECTION 1. It is the intent of the Legislature to enact legislation that would provide greater consumer protections regarding continuity of care for an enrollee or insured, and that would give relief to an enrollee or insured that would prevent him~~

~~or her from paying maximum out-of-pocket expense twice in one year if he or she involuntarily changes health plans or health insurers.~~

~~SEC. 2.~~

SECTION 1. Section 1399.7 is added to the Health and Safety Code, to read:

1399.7. (a) ~~Annually every October 1, a~~ *(1) A* health care service ~~plan~~ *plan, for a health care service plan contract that is issued, renewed, or amended on or after January 1, 2017,* shall include in *annual* renewal materials a notice to an enrollee that the enrollee's current *prescription* drug ~~treatment~~ is no longer covered by the ~~plan,~~ *plan or has changed tiers in the plan's drug formulary,* if that is the case.

(2) This subdivision does not apply to a specialized health care service plan that covers dental or vision services.

(b) ~~Annually every October 1, a~~ *A* health care service ~~plan~~ *plan, for a health care service plan contract that is issued, renewed, or amended on or after January 1, 2017,* shall include in *annual* renewal materials ~~a notice to an enrollee that the enrollee's current provider is no longer part of the health care service plan's provider network, if that is the case.~~ *information regarding the health care service plan's provider directory or directories.*

~~SEC. 3.~~

SEC. 2. Section 10133.58 is added to the Insurance Code, to read:

10133.58. (a) ~~Annually every October 1, a~~ *(1) A* health ~~insurer~~ *insurer, for a health insurance policy that is issued, renewed, or amended on or after January 1, 2017,* shall include in *annual* renewal materials a notice to an insured that the insured's current *prescription* drug ~~treatment~~ is no longer covered by the ~~policy,~~ *policy or has changed tiers in the insurer's drug formulary,* if that is the case.

(2) This subdivision does not apply to a specialized health insurance policy that covers dental or vision services.

(b) ~~Annually every October 1, a~~ *A* health ~~insurer~~ *insurer, for a health insurance policy that is issued, renewed, or amended on or after January 1, 2017,* shall include in *annual* renewal materials ~~a notice to an insured that the insured's current provider is no longer part of the health benefit plan's provider network, if that is~~

~~the case.~~ *information regarding the health insurer's provider directory or directories.*

~~SEC. 4.~~

SEC. 3. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

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