

AMENDED IN SENATE APRIL 20, 2015

SENATE BILL

No. 503

Introduced by Senator Hernandez

February 26, 2015

An act to amend ~~Section 1366.24~~ of Sections 1366.22, 1366.25, and 24100 of, and to amend, repeal, and add Section 1366.24 of, the Health and Safety Code, and to amend ~~Section 10128.54~~ of Sections 10128.52 and 10128.55 of, and to amend, repeal, and add Section 10128.54 of, the Insurance Code, relating to health care coverage.

LEGISLATIVE COUNSEL'S DIGEST

SB 503, as amended, Hernandez. Cal-COBRA: disclosures.

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. The California Continuation Benefits Replacement Act (Cal-COBRA) requires health care service plans and health insurers providing coverage under a group benefit plan to employers of 2 to 19 eligible employees to offer a continuation of that coverage for a specified period of time to certain qualified beneficiaries, as specified. Existing law requires a group benefit plan that is subject to Cal-COBRA to make specified disclosures to covered employees, including that a covered employee who is considering declining continuation of coverage should be aware that companies selling individual health insurance may require a review of the employee's medical history that could result in a higher premium or denial of coverage.

This bill would eliminate the disclosure requirement described above. *If federal law requiring an individual to maintain minimum health coverage is repealed or amended to no longer apply to the individual market, as specified, the bill would reenact that disclosure requirement to become operative 12 months after that repeal or amendment. The bill would require a group benefit plan that is subject to Cal-COBRA and that issues, amends, or renews a disclosure on or after July 1, 2016, to include a notice regarding additional health care coverage options in that disclosure, as specified. The bill would require a group contract that is issued, amended, or renewed on or after July 1, 2016, between a group benefit plan that is subject to Cal-COBRA and an employer to require the employer to give that notice regarding additional health care coverage options to a qualified beneficiary of the contract. The bill would make conforming changes to related provisions.*

Because a willful violation of the bill's requirements relative to health care service plans would be a crime, this 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: ~~no~~-yes.
State-mandated local program: ~~no~~-yes.

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

- 1 SECTION 1. Section 1366.22 of the Health and Safety Code
- 2 is amended to read:
- 3 1366.22. The continuation coverage requirements of this article
- 4 do not apply to the following individuals:
- 5 (a) Individuals who are entitled to Medicare benefits or become
- 6 entitled to Medicare benefits pursuant to Title XVIII of the United
- 7 States Social Security Act, as amended or superseded. Entitlement
- 8 to Medicare Part A only constitutes entitlement to benefits under
- 9 Medicare.
- 10 (b) Individuals who have other hospital, medical, or surgical
- 11 coverage or who are covered or become covered under another
- 12 group benefit plan, including a self-insured employee welfare

1 benefit plan, that provides coverage for individuals and that does
2 not impose any exclusion or limitation with respect to any
3 preexisting condition of the individual, other than a preexisting
4 condition limitation or exclusion that does not apply to or is
5 satisfied by the qualified beneficiary pursuant to Sections 1357
6 and 1357.06. A group conversion option under any group benefit
7 plan shall not be considered as an arrangement under which an
8 individual is or becomes covered.

9 (c) Individuals who are covered, become covered, or are eligible
10 for federal COBRA coverage pursuant to Section 4980B of the
11 United States Internal Revenue Code or Chapter 18 of the
12 Employee Retirement Income Security Act, 29 U.S.C. Section
13 1161 et seq.

14 (d) Individuals who are covered, become covered, or are eligible
15 for coverage pursuant to Chapter 6A of the Public Health Service
16 Act, 42 U.S.C. Section 300bb-1 et seq.

17 (e) Qualified beneficiaries who fail to meet the requirements of
18 subdivision (b) of Section 1366.24 or subdivision ~~(h)~~ (i) of Section
19 1366.25 regarding notification of a qualifying event or election of
20 continuation coverage within the specified time limits.

21 (f) Except as provided in Section 3001 of ARRA, qualified
22 beneficiaries who fail to submit the correct premium amount
23 required by subdivision (b) of Section 1366.24 and Section
24 1366.26, in accordance with the terms and conditions of the plan
25 contract, or fail to satisfy other terms and conditions of the plan
26 contract.

27 **SECTION 1.**

28 *SEC. 2.* Section 1366.24 of the Health and Safety Code is
29 amended to read:

30 1366.24. (a) Every health care service plan evidence of
31 coverage, provided for group benefit plans subject to this article,
32 that is issued, amended, or renewed on or after January 1, 1999,
33 shall disclose to covered employees of group benefit plans subject
34 to this article the ability to continue coverage pursuant to this
35 article, as required by this section.

36 (b) This disclosure shall state that all enrollees who are eligible
37 to be qualified beneficiaries, as defined in subdivision (c) of
38 Section 1366.21, shall be required, as a condition of receiving
39 benefits pursuant to this article, to notify, in writing, the health
40 care service plan, or the employer if the employer contracts to

1 perform the administrative services as provided for in Section
2 1366.25, of all qualifying events as specified in paragraphs (1),
3 (3), (4), and (5) of subdivision (d) of Section 1366.21 within 60
4 days of the date of the qualifying event. This disclosure shall
5 inform enrollees that failure to make the notification to the health
6 care service plan, or to the employer when under contract to
7 provide the administrative services, within the required 60 days
8 will disqualify the qualified beneficiary from receiving continuation
9 coverage pursuant to this article. The disclosure shall further state
10 that a qualified beneficiary who wishes to continue coverage under
11 the group benefit plan pursuant to this article shall request the
12 continuation in writing and deliver the written request, by first-class
13 mail, or other reliable means of delivery, including personal
14 delivery, express mail, or private courier company, to the health
15 care service plan, or to the employer if the plan has contracted
16 with the employer for administrative services pursuant to
17 subdivision (d) of Section 1366.25, within the 60-day period
18 following the later of (1) the date that the enrollee's coverage under
19 the group benefit plan terminated or will terminate by reason of a
20 qualifying event, or (2) the date the enrollee was sent notice
21 pursuant to subdivision (e) of Section 1366.25 of the ability to
22 continue coverage under the group benefit plan. The disclosure
23 required by this section shall also state that a qualified beneficiary
24 electing continuation shall pay to the health care service plan, in
25 accordance with the terms and conditions of the plan contract,
26 which shall be set forth in the notice to the qualified beneficiary
27 pursuant to subdivision (d) of Section 1366.25, the amount of the
28 required premium payment, as set forth in Section 1366.26. The
29 disclosure shall further require that the qualified beneficiary's first
30 premium payment required to establish premium payment be
31 delivered by first-class mail, certified mail, or other reliable means
32 of delivery, including personal delivery, express mail, or private
33 courier company, to the health care service plan, or to the employer
34 if the employer has contracted with the plan to perform the
35 administrative services pursuant to subdivision (d) of Section
36 1366.25, within 45 days of the date the qualified beneficiary
37 provided written notice to the health care service plan or the
38 employer, if the employer has contracted to perform the
39 administrative services, of the election to continue coverage in
40 order for coverage to be continued under this article. This

1 disclosure shall also state that the first premium payment shall
2 equal an amount sufficient to pay any required premiums and all
3 premiums due, and that failure to submit the correct premium
4 amount within the 45-day period will disqualify the qualified
5 beneficiary from receiving continuation coverage pursuant to this
6 article.

7 (c) The disclosure required by this section shall also describe
8 separately how qualified beneficiaries whose continuation coverage
9 terminates under a prior group benefit plan pursuant to subdivision
10 (b) of Section 1366.27 may continue their coverage for the balance
11 of the period that the qualified beneficiary would have remained
12 covered under the prior group benefit plan, including the
13 requirements for election and payment. The disclosure shall clearly
14 state that continuation coverage shall terminate if the qualified
15 beneficiary fails to comply with the requirements pertaining to
16 enrollment in, and payment of premiums to, the new group benefit
17 plan within 30 days of receiving notice of the termination of the
18 prior group benefit plan.

19 (d) Prior to August 1, 1998, every health care service plan shall
20 provide to all covered employees of employers subject to this
21 article a written notice containing the disclosures required by this
22 section, or shall provide to all covered employees of employers
23 subject to this section a new or amended evidence of coverage that
24 includes the disclosures required by this section. Any specialized
25 health care service plan that, in the ordinary course of business,
26 maintains only the addresses of employer group purchasers of
27 benefits and does not maintain addresses of covered employees,
28 may comply with the notice requirements of this section through
29 the provision of the notices to its employer group purchasers of
30 benefits.

31 (e) Every plan disclosure form issued, amended, or renewed on
32 and after January 1, 1999, for a group benefit plan subject to this
33 article shall provide a notice that, under state law, an enrollee may
34 be entitled to continuation of group coverage and that additional
35 information regarding eligibility for this coverage may be found
36 in the plan's evidence of coverage.

37 (f) *A disclosure issued, amended, or renewed on or after July*
38 *1, 2016, for a group benefit plan subject to this article shall include*
39 *the following notice:*

1 *“In addition to your coverage continuation options, you may be*
2 *eligible for the following:*

3 1. *Coverage through the state health insurance marketplace,*
4 *also known as Covered California. By enrolling through Covered*
5 *California, you may qualify for lower monthly premiums and lower*
6 *out-of-pocket costs. Your family members may also qualify for*
7 *coverage through Covered California.*

8 2. *Coverage through Medi-Cal. Depending on your income, you*
9 *may qualify for low or no-cost coverage through the state Medicaid*
10 *program that is known as Medi-Cal.*

11 3. *Coverage through an insured spouse. If your spouse has*
12 *coverage that extends to family members, you may be eligible to*
13 *be added on that benefit plan.*

14 *Be aware that there may be a deadline to enroll in some of these*
15 *options. To find out more about how to apply for Covered*
16 *California and Medi-Cal, visit the Covered California Internet*
17 *Web site at <http://www.coveredca.com>.”*

18 (g) (1) *If Section 5000A of the Internal Revenue Code, as added*
19 *by Section 1501 of PPACA, is repealed or amended to no longer*
20 *apply to the individual market, as defined in Section 2791 of the*
21 *federal Public Health Service Act (42 U.S.C. Sec. 300gg-91), this*
22 *section shall become inoperative and is repealed 12 months after*
23 *the date of that repeal or amendment.*

24 (2) *For purposes of this subdivision, “PPACA” means the*
25 *federal Patient Protection and Affordable Care Act (Public Law*
26 *111-148), as amended by the federal Health Care and Education*
27 *Reconciliation Act of 2010 (Public Law 111-152), and any rules,*
28 *regulations, or guidance issued pursuant to that law.*

29 SEC. 3. *Section 1366.24 is added to the Health and Safety*
30 *Code, to read:*

31 1366.24. (a) *Every health care service plan evidence of*
32 *coverage, provided for group benefit plans subject to this article,*
33 *that is issued, amended, or renewed on or after January 1, 1999,*
34 *shall disclose to covered employees of group benefit plans subject*
35 *to this article the ability to continue coverage pursuant to this*
36 *article, as required by this section.*

37 (b) *This disclosure shall state that all enrollees who are eligible*
38 *to be qualified beneficiaries, as defined in subdivision (c) of Section*
39 *1366.21, shall be required, as a condition of receiving benefits*
40 *pursuant to this article, to notify, in writing, the health care service*

1 plan, or the employer if the employer contracts to perform the
2 administrative services as provided for in Section 1366.25, of all
3 qualifying events as specified in paragraphs (1), (3), (4), and (5)
4 of subdivision (d) of Section 1366.21 within 60 days of the date of
5 the qualifying event. This disclosure shall inform enrollees that
6 failure to make the notification to the health care service plan, or
7 to the employer when under contract to provide the administrative
8 services, within the required 60 days will disqualify the qualified
9 beneficiary from receiving continuation coverage pursuant to this
10 article. The disclosure shall further state that a qualified
11 beneficiary who wishes to continue coverage under the group
12 benefit plan pursuant to this article must request the continuation
13 in writing and deliver the written request, by first-class mail, or
14 other reliable means of delivery, including personal delivery,
15 express mail, or private courier company, to the health care service
16 plan, or to the employer if the plan has contracted with the
17 employer for administrative services pursuant to subdivision (d)
18 of Section 1366.25, within the 60-day period following the later
19 of (1) the date that the enrollee's coverage under the group benefit
20 plan terminated or will terminate by reason of a qualifying event,
21 or (2) the date the enrollee was sent notice pursuant to subdivision
22 (e) of Section 1366.25 of the ability to continue coverage under
23 the group benefit plan. The disclosure required by this section
24 shall also state that a qualified beneficiary electing continuation
25 shall pay to the health care service plan, in accordance with the
26 terms and conditions of the plan contract, which shall be set forth
27 in the notice to the qualified beneficiary pursuant to subdivision
28 (d) of Section 1366.25, the amount of the required premium
29 payment, as set forth in Section 1366.26. The disclosure shall
30 further require that the qualified beneficiary's first premium
31 payment required to establish premium payment be delivered by
32 first-class mail, certified mail, or other reliable means of delivery,
33 including personal delivery, express mail, or private courier
34 company, to the health care service plan, or to the employer if the
35 employer has contracted with the plan to perform the
36 administrative services pursuant to subdivision (d) of Section
37 1366.25, within 45 days of the date the qualified beneficiary
38 provided written notice to the health care service plan or the
39 employer, if the employer has contracted to perform the
40 administrative services, of the election to continue coverage in

1 order for coverage to be continued under this article. This
2 disclosure shall also state that the first premium payment must
3 equal an amount sufficient to pay any required premiums and all
4 premiums due, and that failure to submit the correct premium
5 amount within the 45-day period will disqualify the qualified
6 beneficiary from receiving continuation coverage pursuant to this
7 article.

8 (c) The disclosure required by this section shall also describe
9 separately how qualified beneficiaries whose continuation coverage
10 terminates under a prior group benefit plan pursuant to subdivision
11 (b) of Section 1366.27 may continue their coverage for the balance
12 of the period that the qualified beneficiary would have remained
13 covered under the prior group benefit plan, including the
14 requirements for election and payment. The disclosure shall clearly
15 state that continuation coverage shall terminate if the qualified
16 beneficiary fails to comply with the requirements pertaining to
17 enrollment in, and payment of premiums to, the new group benefit
18 plan within 30 days of receiving notice of the termination of the
19 prior group benefit plan.

20 (d) Prior to August 1, 1998, every health care service plan shall
21 provide to all covered employees of employers subject to this article
22 a written notice containing the disclosures required by this section,
23 or shall provide to all covered employees of employers subject to
24 this section a new or amended evidence of coverage that includes
25 the disclosures required by this section. Any specialized health
26 care service plan that, in the ordinary course of business, maintains
27 only the addresses of employer group purchasers of benefits and
28 does not maintain addresses of covered employees, may comply
29 with the notice requirements of this section through the provision
30 of the notices to its employer group purchasers of benefits.

31 (e) Every plan disclosure form issued, amended, or renewed on
32 or after January 1, 1999, for a group benefit plan subject to this
33 article shall provide a notice that, under state law, an enrollee
34 may be entitled to continuation of group coverage and that
35 additional information regarding eligibility for this coverage may
36 be found in the plan's evidence of coverage.

37 (f) Every disclosure issued, amended, or renewed on or after
38 the operative date of this section for a group benefit plan subject
39 to this article shall include the following notice:

1 *“Please examine your options carefully before declining this*
2 *coverage. You should be aware that companies selling individual*
3 *health insurance typically require a review of your medical history*
4 *that could result in a higher premium or you could be denied*
5 *coverage entirely.”*

6 *(g) A disclosure issued, amended, or renewed on or after July*
7 *1, 2016, for a group benefit plan subject to this article shall include*
8 *the following notice:*

9 *“In addition to your coverage continuation options, you may be*
10 *eligible for the following:*

11 1. *Coverage through the state health insurance marketplace,*
12 *also known as Covered California. By enrolling through Covered*
13 *California, you may qualify for lower monthly premiums and lower*
14 *out-of-pocket costs. Your family members may also qualify for*
15 *coverage through Covered California.*

16 2. *Coverage through Medi-Cal. Depending on your income, you*
17 *may qualify for low or no-cost coverage through the state Medicaid*
18 *program that is known as Medi-Cal.*

19 3. *Coverage through an insured spouse. If your spouse has*
20 *coverage that extends to family members, you may be eligible to*
21 *be added on that benefit plan.*

22 *Be aware that there may be a deadline to enroll in some of these*
23 *options. To find out more about how to apply for Covered*
24 *California and Medi-Cal, visit the Covered California Internet*
25 *Web site at <http://www.coveredca.com>.”*

26 *(h) (1) If Section 5000A of the Internal Revenue Code, as added*
27 *by Section 1501 of PPACA, is repealed or amended to no longer*
28 *apply to the individual market, as defined in Section 2791 of the*
29 *federal Public Health Service Act (42 U.S.C. Sec. 300gg-91), this*
30 *section shall become operative 12 months after the date of that*
31 *repeal or amendment.*

32 *(2) For purposes of this subdivision, “PPACA” means the*
33 *federal Patient Protection and Affordable Care Act (Public Law*
34 *111-148), as amended by the federal Health Care and Education*
35 *Reconciliation Act of 2010 (Public Law 111-152), and any rules,*
36 *regulations, or guidance issued pursuant to that law.*

37 *SEC. 4. Section 1366.25 of the Health and Safety Code is*
38 *amended to read:*

39 1366.25. (a) Every group contract between a health care service
40 plan and an employer subject to this article that is issued, amended,

1 or renewed on or after July 1, 1998, shall require the employer to
2 notify the plan, in writing, of any employee who has had a
3 qualifying event, as defined in paragraph (2) of subdivision (d) of
4 Section 1366.21, within 30 days of the qualifying event. The group
5 contract shall also require the employer to notify the plan, in
6 writing, within 30 days of the date, when the employer becomes
7 subject to Section 4980B of the United States Internal Revenue
8 Code or Chapter 18 of the Employee Retirement Income Security
9 Act, 29 U.S.C. Sec. 1161 et seq.

10 (b) Every group contract between a plan and an employer subject
11 to this article that is issued, amended, or renewed on or after July
12 1, 1998, shall require the employer to notify qualified beneficiaries
13 currently receiving continuation coverage, whose continuation
14 coverage will terminate under one group benefit plan prior to the
15 end of the period the qualified beneficiary would have remained
16 covered, as specified in Section 1366.27, of the qualified
17 beneficiary's ability to continue coverage under a new group
18 benefit plan for the balance of the period the qualified beneficiary
19 would have remained covered under the prior group benefit plan.
20 This notice shall be provided either 30 days prior to the termination
21 or when all enrolled employees are notified, whichever is later.

22 Every health care service plan and specialized health care service
23 plan shall provide to the employer replacing a health care service
24 plan contract issued by the plan, or to the employer's agent or
25 broker representative, within 15 days of any written request,
26 information in possession of the plan reasonably required to
27 administer the notification requirements of this subdivision and
28 subdivision (c).

29 (c) Notwithstanding subdivision (a), the group contract between
30 the health care service plan and the employer shall require the
31 employer to notify the successor plan in writing of the qualified
32 beneficiaries currently receiving continuation coverage so that the
33 successor plan, or contracting employer or administrator, may
34 provide those qualified beneficiaries with the necessary premium
35 information, enrollment forms, and instructions consistent with
36 the disclosure required by subdivision (c) of Section 1366.24 and
37 subdivision (e) of this section to allow the qualified beneficiary to
38 continue coverage. This information shall be sent to all qualified
39 beneficiaries who are enrolled in the plan and those qualified
40 beneficiaries who have been notified, pursuant to Section 1366.24,

1 of their ability to continue their coverage and may still elect
2 coverage within the specified 60-day period. This information
3 shall be sent to the qualified beneficiary's last known address, as
4 provided to the employer by the health care service plan or
5 disability insurer currently providing continuation coverage to the
6 qualified beneficiary. The successor plan shall not be obligated to
7 provide this information to qualified beneficiaries if the employer
8 or prior plan or insurer fails to comply with this section.

9 (d) A health care service plan may contract with an employer,
10 or an administrator, to perform the administrative obligations of
11 the plan as required by this article, including required notifications
12 and collecting and forwarding premiums to the health care service
13 plan. Except for the requirements of subdivisions (a), (b), and (c),
14 this subdivision shall not be construed to permit a plan to require
15 an employer to perform the administrative obligations of the plan
16 as required by this article as a condition of the issuance or renewal
17 of coverage.

18 (e) Every health care service plan, or employer or administrator
19 that contracts to perform the notice and administrative services
20 pursuant to this section, shall, within 14 days of receiving a notice
21 of a qualifying event, provide to the qualified beneficiary the
22 necessary benefits information, premium information, enrollment
23 forms, and disclosures consistent with the notice requirements
24 contained in subdivisions (b) and (c) of Section 1366.24 to allow
25 the qualified beneficiary to formally elect continuation coverage.
26 This information shall be sent to the qualified beneficiary's last
27 known address.

28 (f) Every health care service plan, or employer or administrator
29 that contracts to perform the notice and administrative services
30 pursuant to this section, shall, during the 180-day period ending
31 on the date that continuation coverage is terminated pursuant to
32 paragraphs (1), (3), and (5) of subdivision (a) of Section 1366.27,
33 notify a qualified beneficiary who has elected continuation
34 coverage pursuant to this article of the date that his or her coverage
35 will terminate, and shall notify the qualified beneficiary of any
36 conversion coverage available to that qualified beneficiary. This
37 requirement shall not apply when the continuation coverage is
38 terminated because the group contract between the plan and the
39 employer is being terminated.

1 (g) (1) A health care service plan shall provide to a qualified
2 beneficiary who has a qualifying event during the period specified
3 in subparagraph (A) of paragraph (3) of subdivision (a) of Section
4 3001 of ARRA, a written notice containing information on the
5 availability of premium assistance under ARRA. This notice shall
6 be sent to the qualified beneficiary's last known address. The notice
7 shall include clear and easily understandable language to inform
8 the qualified beneficiary that changes in federal law provide a new
9 opportunity to elect continuation coverage with a 65-percent
10 premium subsidy and shall include all of the following:

11 (A) The amount of the premium the person will pay. For
12 qualified beneficiaries who had a qualifying event between
13 September 1, 2008, and May 12, 2009, inclusive, if a health care
14 service plan is unable to provide the correct premium amount in
15 the notice, the notice may contain the last known premium amount
16 and an opportunity for the qualified beneficiary to request, through
17 a toll-free telephone number, the correct premium that would apply
18 to the beneficiary.

19 (B) Enrollment forms and any other information required to be
20 included pursuant to subdivision (e) to allow the qualified
21 beneficiary to elect continuation coverage. This information shall
22 not be included in notices sent to qualified beneficiaries currently
23 enrolled in continuation coverage.

24 (C) A description of the option to enroll in different coverage
25 as provided in subparagraph (B) of paragraph (1) of subdivision
26 (a) of Section 3001 of ARRA. This description shall advise the
27 qualified beneficiary to contact the covered employee's former
28 employer for prior approval to choose this option.

29 (D) The eligibility requirements for premium assistance in the
30 amount of 65 percent of the premium under Section 3001 of
31 ARRA.

32 (E) The duration of premium assistance available under ARRA.

33 (F) A statement that a qualified beneficiary eligible for premium
34 assistance under ARRA may elect continuation coverage no later
35 than 60 days of the date of the notice.

36 (G) A statement that a qualified beneficiary eligible for premium
37 assistance under ARRA who rejected or discontinued continuation
38 coverage prior to receiving the notice required by this subdivision
39 has the right to withdraw that rejection and elect continuation
40 coverage with the premium assistance.

1 (H) A statement that reads as follows:

2
3 “IF YOU ARE HAVING ANY DIFFICULTIES READING OR
4 UNDERSTANDING THIS NOTICE, PLEASE CONTACT [name
5 of health plan] at [insert appropriate telephone number].”
6

7 (2) With respect to qualified beneficiaries who had a qualifying
8 event between September 1, 2008, and May 12, 2009, inclusive,
9 the notice described in this subdivision shall be provided by the
10 later of May 26, 2009, or seven business days after the date the
11 plan receives notice of the qualifying event.

12 (3) With respect to qualified beneficiaries who had or have a
13 qualifying event between May 13, 2009, and the later date specified
14 in subparagraph (A) of paragraph (3) of subdivision (a) of Section
15 3001 of ARRA, inclusive, the notice described in this subdivision
16 shall be provided within the period of time specified in subdivision
17 (e).

18 (4) Nothing in this section shall be construed to require a health
19 care service plan to provide the plan’s evidence of coverage as a
20 part of the notice required by this subdivision, and nothing in this
21 section shall be construed to require a health care service plan to
22 amend its existing evidence of coverage to comply with the changes
23 made to this section by the enactment of Assembly Bill 23 of the
24 2009–10 Regular Session or by the act amending this section during
25 the second year of the 2009–10 Regular Session.

26 (5) The requirement under this subdivision to provide a written
27 notice to a qualified beneficiary and the requirement under
28 paragraph (1) of subdivision ~~(h)~~ (i) to provide a new opportunity
29 to a qualified beneficiary to elect continuation coverage shall be
30 deemed satisfied if a health care service plan previously provided
31 a written notice and additional election opportunity under Section
32 3001 of ARRA to that qualified beneficiary prior to the effective
33 date of the act adding this paragraph.

34 (h) *A group contract between a group benefit plan and an*
35 *employer subject to this article that is issued, amended, or renewed*
36 *on or after July 1, 2016, shall require the employer to give the*
37 *following notice to a qualified beneficiary:*

38 “*In addition to your coverage continuation options, you may be*
39 *eligible for the following:*”

1 1. Coverage through the state health insurance marketplace,
2 also known as Covered California. By enrolling through Covered
3 California, you may qualify for lower monthly premiums and lower
4 out-of-pocket costs. Your family members may also qualify for
5 coverage through Covered California.

6 2. Coverage through Medi-Cal. Depending on your income, you
7 may qualify for low or no-cost coverage through the state Medicaid
8 program that is known as Medi-Cal.

9 3. Coverage through an insured spouse. If your spouse has
10 coverage that extends to family members, you may be eligible to
11 be added on that benefit plan.

12 Be aware that there may be a deadline to enroll in some of these
13 options. To find out more about how to apply for Covered
14 California and Medi-Cal, visit the Covered California Internet
15 Web site at <http://www.coveredca.com>.”

16 (h)

17 (i) (1) Notwithstanding any other ~~provision~~ of law, a qualified
18 beneficiary eligible for premium assistance under ARRA may elect
19 continuation coverage no later than 60 days after the date of the
20 notice required by subdivision (g).

21 (2) For a qualified beneficiary who elects to continue coverage
22 pursuant to this subdivision, the period beginning on the date of
23 the qualifying event and ending on the effective date of the
24 continuation coverage shall be disregarded for purposes of
25 calculating a break in coverage in determining whether a
26 preexisting condition provision applies under subdivision (c) of
27 Section 1357.06 or subdivision (e) of Section 1357.51.

28 (3) For a qualified beneficiary who had a qualifying event
29 between September 1, 2008, and February 16, 2009, inclusive, and
30 who elects continuation coverage pursuant to paragraph (1), the
31 continuation coverage shall commence on the first day of the month
32 following the election.

33 (4) For a qualified beneficiary who had a qualifying event
34 between February 17, 2009, and May 12, 2009, inclusive, and who
35 elects continuation coverage pursuant to paragraph (1), the effective
36 date of the continuation coverage shall be either of the following,
37 at the option of the beneficiary, provided that the beneficiary pays
38 the applicable premiums:

39 (A) The date of the qualifying event.

40 (B) The first day of the month following the election.

1 (5) Notwithstanding any other ~~provision of~~ law, a qualified
2 beneficiary who is eligible for the special election opportunity
3 described in paragraph (17) of subdivision (a) of Section 3001 of
4 ARRA may elect continuation coverage no later than 60 days after
5 the date of the notice required under subdivision ~~(j)~~: (k). For a
6 qualified beneficiary who elects coverage pursuant to this
7 paragraph, the continuation coverage shall be effective as of the
8 first day of the first period of coverage after the date of termination
9 of employment, except, if federal law permits, coverage shall take
10 effect on the first day of the month following the election.
11 However, for purposes of calculating the duration of continuation
12 coverage pursuant to Section 1366.27, the period of that coverage
13 shall be determined as though the qualifying event was a reduction
14 of hours of the employee.

15 (6) Notwithstanding any other ~~provision of~~ law, a qualified
16 beneficiary who is eligible for any other special election
17 opportunity under ARRA may elect continuation coverage no later
18 than 60 days after the date of the special election notice required
19 under ARRA.

20 (i)

21 (j) A health care service plan shall provide a qualified
22 beneficiary eligible for premium assistance under ARRA written
23 notice of the extension of that premium assistance as required
24 under Section 3001 of ARRA.

25 (j)

26 (k) A health care service plan, or an administrator or employer
27 if administrative obligations have been assumed by those entities
28 pursuant to subdivision (d), shall give the qualified beneficiaries
29 described in subparagraph (C) of paragraph (17) of subdivision
30 (a) of Section 3001 of ARRA the written notice required by that
31 paragraph by implementing the following procedures:

32 (1) The health care service plan shall, within 14 days of the
33 effective date of the act adding this subdivision, send a notice to
34 employers currently contracting with the health care service plan
35 for a group benefit plan subject to this article. The notice shall do
36 all of the following:

37 (A) Advise the employer that employees whose employment is
38 terminated on or after March 2, 2010, who were previously enrolled
39 in any group health care service plan or health insurance policy
40 offered by the employer may be entitled to special health coverage

1 rights, including a subsidy paid by the federal government for a
2 portion of the premium.

3 (B) Ask the employer to provide the health care service plan
4 with the name, address, and date of termination of employment
5 for any employee whose employment is terminated on or after
6 March 2, 2010, and who was at any time covered by any health
7 care service plan or health insurance policy offered to their
8 employees on or after September 1, 2008.

9 (C) Provide employers with a format and instructions for
10 submitting the information to the health care service plan, or their
11 administrator or employer who has assumed administrative
12 obligations pursuant to subdivision (d), by telephone, fax,
13 electronic mail, or mail.

14 (2) Within 14 days of receipt of the information specified in
15 paragraph (1) from the employer, the health care service plan shall
16 send the written notice specified in paragraph (17) of subdivision
17 (a) of Section 3001 of ARRA to those individuals.

18 (3) If an individual contacts his or her health care service plan
19 and indicates that he or she experienced a qualifying event that
20 entitles him or her to the special election period described in
21 paragraph (17) of subdivision (a) of Section 3001 of ARRA or any
22 other special election provision of ARRA, the plan shall provide
23 the individual with the written notice required under paragraph
24 (17) of subdivision (a) of Section 3001 of ARRA or any other
25 applicable provision of ARRA, regardless of whether the plan
26 receives information from the individual's previous employer
27 regarding that individual pursuant to Section 24100. The plan shall
28 review the individual's application for coverage under this special
29 election notice to determine if the individual qualifies for the
30 special election period and the premium assistance under ARRA.
31 The plan shall comply with paragraph (5) if the individual does
32 not qualify for either the special election period or premium
33 assistance under ARRA.

34 (4) The requirement under this subdivision to provide the written
35 notice described in paragraph (17) of subdivision (a) of Section
36 3001 of ARRA to a qualified beneficiary and the requirement
37 under paragraph (5) of subdivision ~~(h)~~ (i) to provide a new
38 opportunity to a qualified beneficiary to elect continuation coverage
39 shall be deemed satisfied if a health care service plan previously
40 provided the written notice and additional election opportunity

1 described in paragraph (17) of subdivision (a) of Section 3001 of
2 ARRA to that qualified beneficiary prior to the effective date of
3 the act adding this paragraph.

4 (5) If an individual does not qualify for either a special election
5 period or the premium assistance under ARRA, the health care
6 service plan shall provide a written notice to that individual that
7 shall include information on the right to appeal as set forth in
8 Section 3001 of ARRA.

9 (6) A health care service plan shall provide information on its
10 publicly accessible Internet Web site regarding the premium
11 assistance made available under ARRA and any special election
12 period provided under that law. A plan may fulfill this requirement
13 by linking or otherwise directing consumers to the information
14 regarding COBRA continuation coverage premium assistance
15 located on the Internet Web site of the United States Department
16 of Labor. The information required by this paragraph shall be
17 located in a section of the plan's Internet Web site that is readily
18 accessible to consumers, such as the Web site's Frequently Asked
19 Questions section.

20 ~~(k)~~

21 (l) For purposes of implementing federal premium assistance
22 for continuation coverage, the department may designate a model
23 notice or notices that may be used by health care service plans.
24 Use of the model notice or notices shall not require prior approval
25 of the department. Any model notice or notices designated by the
26 department for purposes of this subdivision shall not be subject to
27 the Administrative Procedure Act (Chapter 3.5 (commencing with
28 Section 11340) of Part 1 of Division 3 of Title 2 of the Government
29 Code).

30 ~~(l)~~

31 (m) Notwithstanding any other ~~provision of~~ law, a qualified
32 beneficiary eligible for premium assistance under ARRA may elect
33 to enroll in different coverage subject to the criteria provided under
34 subparagraph (B) of paragraph (1) of subdivision (a) of Section
35 3001 of ARRA.

36 ~~(m)~~

37 (n) A qualified beneficiary enrolled in continuation coverage
38 as of February 17, 2009, who is eligible for premium assistance
39 under ARRA may request application of the premium assistance
40 as of March 1, 2009, or later, consistent with ARRA.

1 ~~(h)~~

2 (o) A health care service plan that receives an election notice
3 from a qualified beneficiary eligible for premium assistance under
4 ARRA, pursuant to subdivision ~~(h)~~, (i), shall be considered a person
5 entitled to reimbursement, as defined in Section 6432(b)(3) of the
6 Internal Revenue Code, as amended by paragraph (12) of
7 subdivision (a) of Section 3001 of ARRA.

8 ~~(i)~~

9 (p) (1) For purposes of compliance with ARRA, in the absence
10 of guidance from, or if specifically required for state-only
11 continuation coverage by, the United States Department of Labor,
12 the Internal Revenue Service, or the Centers for Medicare and
13 Medicaid Services, a health care service plan may request
14 verification of the involuntary termination of a covered employee’s
15 employment from the covered employee’s former employer or the
16 qualified beneficiary seeking premium assistance under ARRA.

17 (2) A health care service plan that requests verification pursuant
18 to paragraph (1) directly from a covered employee’s former
19 employer shall do so by providing a written notice to the employer.
20 This written notice shall be sent by mail or facsimile to the covered
21 employee’s former employer within seven business days from the
22 date the plan receives the qualified beneficiary’s election notice
23 pursuant to subdivision ~~(h)~~, (i). Within 10 calendar days of receipt
24 of written notice required by this paragraph, the former employer
25 shall furnish to the health care service plan written verification as
26 to whether the covered employee’s employment was involuntarily
27 terminated.

28 (3) A qualified beneficiary requesting premium assistance under
29 ARRA may furnish to the health care service plan a written
30 document or other information from the covered employee’s former
31 employer indicating that the covered employee’s employment was
32 involuntarily terminated. This document or information shall be
33 deemed sufficient by the health care service plan to establish that
34 the covered employee’s employment was involuntarily terminated
35 for purposes of ARRA, unless the plan makes a reasonable and
36 timely determination that the documents or information provided
37 by the qualified beneficiary are legally insufficient to establish
38 involuntary termination of employment.

39 (4) If a health care service plan requests verification pursuant
40 to this subdivision and cannot verify involuntary termination of

1 employment within 14 business days from the date the employer
2 receives the verification request or from the date the plan receives
3 documentation or other information from the qualified beneficiary
4 pursuant to paragraph (3), the health care service plan shall either
5 provide continuation coverage with the federal premium assistance
6 to the qualified beneficiary or send the qualified beneficiary a
7 denial letter which shall include notice of his or her right to appeal
8 that determination pursuant to ARRA.

9 (5) No person shall intentionally delay verification of
10 involuntary termination of employment under this subdivision.

11 ~~(p)~~

12 (q) The provision of information and forms related to the
13 premium assistance available pursuant to ARRA to individuals by
14 a health care service plan shall not be considered a violation of
15 this chapter provided that the plan complies with all of the
16 requirements of this article.

17 *SEC. 5. Section 24100 of the Health and Safety Code is*
18 *amended to read:*

19 24100. (a) For purposes of this section, the following
20 definitions apply:

21 (1) “ARRA” means Title III of Division B of the federal
22 American Recovery and Reinvestment Act of 2009 or any
23 amendment to that federal law extending federal premium
24 assistance to qualified beneficiaries, as defined in Section 1366.21
25 of this code or Section 10128.51 of the Insurance Code.

26 (2) “Employer” means an employer as defined in Section
27 1366.21 of this code or an employer as defined in Section 10128.51
28 of the Insurance Code.

29 (b) An employer shall provide the information described in
30 subparagraph (B) of paragraph (1) of subdivision-~~(j)~~ (k) of Section
31 1366.25 of this code or subparagraph (B) of paragraph (1) of
32 subdivision-~~(j)~~ (k) of Section 10128.55 of the Insurance Code, as
33 applicable, with respect to any employee whose employment is
34 terminated on or after March 2, 2010, and who was enrolled at any
35 time in a health care service plan or health insurance policy offered
36 by the employer on or after September 1, 2008. This information
37 shall be provided to the requesting health care service plan or
38 health insurer within 14 days of receipt of the notification described
39 in paragraph (1) of subdivision-~~(j)~~ (k) of Section 1366.25 of this
40 code or paragraph (1) of subdivision-~~(j)~~ (k) of Section 10128.55

1 of the Insurance Code. The employer shall continue to provide the
2 information to the health care service plan or health insurer within
3 14 days after the end of each month for any employee whose
4 employment is terminated in the prior month until the last date
5 specified in subparagraph (A) of paragraph (3) of subdivision (a)
6 of Section 3001 of ARRA.

7 *SEC. 6. Section 10128.52 of the Insurance Code is amended*
8 *to read:*

9 10128.52. The continuation coverage requirements of this
10 article do not apply to the following individuals:

11 (a) Individuals who are entitled to Medicare benefits or become
12 entitled to Medicare benefits pursuant to Title XVIII of the United
13 States Social Security Act, as amended or superseded. Entitlement
14 to Medicare Part A only constitutes entitlement to benefits under
15 Medicare.

16 (b) Individuals who have other hospital, medical, or surgical
17 coverage, or who are covered or become covered under another
18 group benefit plan, including a self-insured employee welfare
19 benefit plan, that provides coverage for individuals and that does
20 not impose any exclusion or limitation with respect to any
21 preexisting condition of the individual, other than a preexisting
22 condition limitation or exclusion that does not apply to or is
23 satisfied by the qualified beneficiary pursuant to Sections 10198.6
24 and 10198.7. A group conversion option under any group benefit
25 plan shall not be considered as an arrangement under which an
26 individual is or becomes covered.

27 (c) Individuals who are covered, become covered, or are eligible
28 for federal COBRA coverage pursuant to Section 4980B of the
29 United States Internal Revenue Code or Chapter 18 of the
30 Employee Retirement Income Security Act, 29 U.S.C. Section
31 1161 et seq.

32 (d) Individuals who are covered, become covered, or are eligible
33 for coverage pursuant to Chapter 6A of the Public Health Service
34 Act, 42 U.S.C. Section 300bb-1 et seq.

35 (e) Qualified beneficiaries who fail to meet the requirements of
36 subdivision (b) of Section 10128.54 or subdivision ~~(h)~~ (i) of Section
37 10128.55 regarding notification of a qualifying event or election
38 of continuation coverage within the specified time limits.

39 (f) Except as provided in Section 3001 of ARRA, qualified
40 beneficiaries who fail to submit the correct premium amount

1 required by subdivision (b) of Section 10128.55 and Section
2 10128.57, in accordance with the terms and conditions of the policy
3 or contract, or fail to satisfy other terms and conditions of the
4 policy or contract.

5 ~~SEC. 2.~~

6 *SEC. 7.* Section 10128.54 of the Insurance Code is amended
7 to read:

8 10128.54. (a) Every insurer's evidence of coverage for group
9 benefit plans subject to this article, that is issued, amended, or
10 renewed on or after January 1, 1999, shall disclose to covered
11 employees of group benefit plans subject to this article the ability
12 to continue coverage pursuant to this article, as required by this
13 section.

14 (b) This disclosure shall state that all insureds who are eligible
15 to be qualified beneficiaries, as defined in subdivision (c) of
16 Section 10128.51, shall be required, as a condition of receiving
17 benefits pursuant to this article, to notify, in writing, the insurer,
18 or the employer if the employer contracts to perform the
19 administrative services as provided for in Section 10128.55, of all
20 qualifying events as specified in paragraphs (1), (3), (4), and (5)
21 of subdivision (d) of Section 10128.51 within 60 days of the date
22 of the qualifying event. This disclosure shall inform insureds that
23 failure to make the notification to the insurer, or to the employer
24 when under contract to provide the administrative services, within
25 the required 60 days will disqualify the qualified beneficiary from
26 receiving continuation coverage pursuant to this article. The
27 disclosure shall further state that a qualified beneficiary who wishes
28 to continue coverage under the group benefit plan pursuant to this
29 article shall request the continuation in writing and deliver the
30 written request, by first-class mail, or other reliable means of
31 delivery, including personal delivery, express mail, or private
32 courier company, to the disability insurer, or to the employer if
33 the plan has contracted with the employer for administrative
34 services pursuant to subdivision (d) of Section 10128.55, within
35 the 60-day period following the later of (1) the date that the
36 insured's coverage under the group benefit plan terminated or will
37 terminate by reason of a qualifying event, or (2) the date the insured
38 was sent notice pursuant to subdivision (e) of Section 10128.55
39 of the ability to continue coverage under the group benefit plan.
40 The disclosure required by this section shall also state that a

1 qualified beneficiary electing continuation shall pay to the disability
2 insurer, in accordance with the terms and conditions of the policy
3 or contract, which shall be set forth in the notice to the qualified
4 beneficiary pursuant to subdivision (d) of Section 10128.55, the
5 amount of the required premium payment, as set forth in Section
6 10128.56. The disclosure shall further require that the qualified
7 beneficiary's first premium payment required to establish premium
8 payment be delivered by first-class mail, certified mail, or other
9 reliable means of delivery, including personal delivery, express
10 mail, or private courier company, to the disability insurer, or to
11 the employer if the employer has contracted with the insurer to
12 perform the administrative services pursuant to subdivision (d) of
13 Section 10128.55, within 45 days of the date the qualified
14 beneficiary provided written notice to the insurer or the employer,
15 if the employer has contracted to perform the administrative
16 services, of the election to continue coverage in order for coverage
17 to be continued under this article. This disclosure shall also state
18 that the first premium payment shall equal an amount sufficient
19 to pay all required premiums and all premiums due, and that failure
20 to submit the correct premium amount within the 45-day period
21 will disqualify the qualified beneficiary from receiving continuation
22 coverage pursuant to this article.

23 (c) The disclosure required by this section shall also describe
24 separately how qualified beneficiaries whose continuation coverage
25 terminates under a prior group benefit plan pursuant to Section
26 10128.57 may continue their coverage for the balance of the period
27 that the qualified beneficiary would have remained covered under
28 the prior group benefit plan, including the requirements for election
29 and payment. The disclosure shall clearly state that continuation
30 coverage shall terminate if the qualified beneficiary fails to comply
31 with the requirements pertaining to enrollment in, and payment of
32 premiums to, the new group benefit plan within 30 days of
33 receiving notice of the termination of the prior group benefit plan.

34 (d) Prior to August 1, 1998, every insurer shall provide to all
35 covered employees of employers subject to this article written
36 notice containing the disclosures required by this section, or shall
37 provide to all covered employees of employers subject to this
38 article a new or amended evidence of coverage that includes the
39 disclosures required by this section. Any insurer that, in the
40 ordinary course of business, maintains only the addresses of

1 employer group purchasers of benefits, and does not maintain
2 addresses of covered employees, may comply with the notice
3 requirements of this section through the provision of the notices
4 to its employer group purchases of benefits.

5 (e) Every disclosure form issued, amended, or renewed on and
6 after January 1, 1999, for a group benefit plan subject to this article
7 shall provide a notice that, under state law, an insured may be
8 entitled to continuation of group coverage and that additional
9 information regarding eligibility for this coverage may be found
10 in the evidence of coverage.

11 (f) *A disclosure issued, amended, or renewed on or after July*
12 *1, 2016, for a group benefit plan subject to this article shall include*
13 *the following notice:*

14 *“In addition to your coverage continuation options, you may be*
15 *eligible for the following:*

16 *1. Coverage through the state health insurance marketplace,*
17 *also known as Covered California. By enrolling through Covered*
18 *California, you may qualify for lower monthly premiums and lower*
19 *out-of-pocket costs. Your family members may also qualify for*
20 *coverage through Covered California.*

21 *2. Coverage through Medi-Cal. Depending on your income, you*
22 *may qualify for low or no-cost coverage through the state Medicaid*
23 *program that is known as Medi-Cal.*

24 *3. Coverage through an insured spouse. If your spouse has*
25 *coverage that extends to family members, you may be eligible to*
26 *be added on that benefit plan.*

27 *Be aware that there may be a deadline to enroll in some of these*
28 *options. To find out more about how to apply for Covered*
29 *California and Medi-Cal, visit the Covered California Internet*
30 *Web site at <http://www.coveredca.com>.”*

31 (g) (1) *If Section 5000A of the Internal Revenue Code, as added*
32 *by Section 1501 of PPACA, is repealed or amended to no longer*
33 *apply to the individual market, as defined in Section 2791 of the*
34 *federal Public Health Service Act (42 U.S.C. Sec. 300gg-91), this*
35 *section shall become inoperative and is repealed 12 months after*
36 *the date of that repeal or amendment.*

37 (2) *For purposes of this subdivision, “PPACA” means the*
38 *federal Patient Protection and Affordable Care Act (Public Law*
39 *111-148), as amended by the federal Health Care and Education*

1 *Reconciliation Act of 2010 (Public Law 111-152), and any rules,*
2 *regulations, or guidance issued pursuant to that law.*

3 *SEC. 8. Section 10128.54 is added to the Insurance Code, to*
4 *read:*

5 *10128.54. (a) Every insurer's evidence of coverage for group*
6 *benefit plans subject to this article, that is issued, amended, or*
7 *renewed on or after January 1, 1999, shall disclose to covered*
8 *employees of group benefit plans subject to this article the ability*
9 *to continue coverage pursuant to this article, as required by this*
10 *section.*

11 *(b) This disclosure shall state that all insureds who are eligible*
12 *to be qualified beneficiaries, as defined in subdivision (c) of Section*
13 *10128.51, shall be required, as a condition of receiving benefits*
14 *pursuant to this article, to notify, in writing, the insurer, or the*
15 *employer if the employer contracts to perform the administrative*
16 *services as provided for in Section 10128.55, of all qualifying*
17 *events as specified in paragraphs (1), (3), (4), and (5) of*
18 *subdivision (d) of Section 10128.51 within 60 days of the date of*
19 *the qualifying event. This disclosure shall inform insureds that*
20 *failure to make the notification to the insurer, or to the employer*
21 *when under contract to provide the administrative services, within*
22 *the required 60 days will disqualify the qualified beneficiary from*
23 *receiving continuation coverage pursuant to this article. The*
24 *disclosure shall further state that a qualified beneficiary who*
25 *wishes to continue coverage under the group benefit plan pursuant*
26 *to this article must request the continuation in writing and deliver*
27 *the written request, by first-class mail, or other reliable means of*
28 *delivery, including personal delivery, express mail, or private*
29 *courier company, to the disability insurer, or to the employer if*
30 *the plan has contracted with the employer for administrative*
31 *services pursuant to subdivision (d) of Section 10128.55, within*
32 *the 60-day period following the later of (1) the date that the*
33 *insured's coverage under the group benefit plan terminated or*
34 *will terminate by reason of a qualifying event, or (2) the date the*
35 *insured was sent notice pursuant to subdivision (e) of Section*
36 *10128.55 of the ability to continue coverage under the group*
37 *benefit plan. The disclosure required by this section shall also*
38 *state that a qualified beneficiary electing continuation shall pay*
39 *to the disability insurer, in accordance with the terms and*
40 *conditions of the policy or contract, which shall be set forth in the*

1 notice to the qualified beneficiary pursuant to subdivision (d) of
2 Section 10128.55, the amount of the required premium payment,
3 as set forth in Section 10128.56. The disclosure shall further
4 require that the qualified beneficiary's first premium payment
5 required to establish premium payment be delivered by first-class
6 mail, certified mail, or other reliable means of delivery, including
7 personal delivery, express mail, or private courier company, to
8 the disability insurer, or to the employer if the employer has
9 contracted with the insurer to perform the administrative services
10 pursuant to subdivision (d) of Section 10128.55, within 45 days
11 of the date the qualified beneficiary provided written notice to the
12 insurer or the employer, if the employer has contracted to perform
13 the administrative services, of the election to continue coverage
14 in order for coverage to be continued under this article. This
15 disclosure shall also state that the first premium payment must
16 equal an amount sufficient to pay all required premiums and all
17 premiums due, and that failure to submit the correct premium
18 amount within the 45-day period will disqualify the qualified
19 beneficiary from receiving continuation coverage pursuant to this
20 article.

21 (c) The disclosure required by this section shall also describe
22 separately how qualified beneficiaries whose continuation coverage
23 terminates under a prior group benefit plan pursuant to Section
24 10128.57 may continue their coverage for the balance of the period
25 that the qualified beneficiary would have remained covered under
26 the prior group benefit plan, including the requirements for election
27 and payment. The disclosure shall clearly state that continuation
28 coverage shall terminate if the qualified beneficiary fails to comply
29 with the requirements pertaining to enrollment in, and payment
30 of premiums to, the new group benefit plan within 30 days of
31 receiving notice of the termination of the prior group benefit plan.

32 (d) Prior to August 1, 1998, every insurer shall provide to all
33 covered employees of employers subject to this article written
34 notice containing the disclosures required by this section, or shall
35 provide to all covered employees of employers subject to this article
36 a new or amended evidence of coverage that includes the
37 disclosures required by this section. Any insurer that, in the
38 ordinary course of business, maintains only the addresses of
39 employer group purchasers of benefits, and does not maintain
40 addresses of covered employees, may comply with the notice

1 requirements of this section through the provision of the notices
2 to its employer group purchases of benefits.

3 (e) Every disclosure form issued, amended, or renewed on or
4 after January 1, 1999, for a group benefit plan subject to this
5 article shall provide a notice that, under state law, an insured may
6 be entitled to continuation of group coverage and that additional
7 information regarding eligibility for this coverage may be found
8 in the evidence of coverage.

9 (f) Every disclosure issued, amended, or renewed on or after
10 the operative date of this section for a group benefit plan subject
11 to this article shall include the following notice:

12 “Please examine your options carefully before declining this
13 coverage. You should be aware that companies selling individual
14 health insurance typically require a review of your medical history
15 that could result in a higher premium or you could be denied
16 coverage entirely.”

17 (g) A disclosure issued, amended, or renewed on or after July
18 1, 2016, for a group benefit plan subject to this article shall include
19 the following notice:

20 “In addition to your coverage continuation options, you may be
21 eligible for the following:

22 1. Coverage through the state health insurance marketplace,
23 also known as Covered California. By enrolling through Covered
24 California, you may qualify for lower monthly premiums and lower
25 out-of-pocket costs. Your family members may also qualify for
26 coverage through Covered California.

27 2. Coverage through Medi-Cal. Depending on your income, you
28 may qualify for low or no-cost coverage through the state Medicaid
29 program that is known as Medi-Cal.

30 3. Coverage through an insured spouse. If your spouse has
31 coverage that extends to family members, you may be eligible to
32 be added on that benefit plan.

33 Be aware that there may be a deadline to enroll in some of these
34 options. To find out more about how to apply for Covered
35 California and Medi-Cal, visit the Covered California Internet
36 Web site at <http://www.coveredca.com>.”

37 (h) (1) If Section 5000A of the Internal Revenue Code, as added
38 by Section 1501 of PPACA, is repealed or amended to no longer
39 apply to the individual market, as defined in Section 2791 of the
40 federal Public Health Service Act (42 U.S.C. Sec. 300gg-91), this

1 *section shall become operative 12 months after the date of that*
2 *repeal or amendment.*

3 *(2) For purposes of this subdivision, “PPACA” means the*
4 *federal Patient Protection and Affordable Care Act (Public Law*
5 *111-148), as amended by the federal Health Care and Education*
6 *Reconciliation Act of 2010 (Public Law 111-152), and any rules,*
7 *regulations, or guidance issued pursuant to that law.*

8 *SEC. 9. Section 10128.55 of the Insurance Code is amended*
9 *to read:*

10 10128.55. (a) Every group benefit plan contract between a
11 disability insurer and an employer subject to this article that is
12 issued, amended, or renewed on or after July 1, 1998, shall require
13 the employer to notify the insurer in writing of any employee who
14 has had a qualifying event, as defined in paragraph (2) of
15 subdivision (d) of Section 10128.51, within 30 days of the
16 qualifying event. The group contract shall also require the employer
17 to notify the insurer, in writing, within 30 days of the date when
18 the employer becomes subject to Section 4980B of the United
19 States Internal Revenue Code or Chapter 18 of the Employee
20 Retirement Income Security Act, 29 U.S.C. Sec. 1161 et seq.

21 (b) Every group benefit plan contract between a disability insurer
22 and an employer subject to this article that is issued, amended, or
23 renewed after July 1, 1998, shall require the employer to notify
24 qualified beneficiaries currently receiving continuation coverage,
25 whose continuation coverage will terminate under one group
26 benefit plan prior to the end of the period the qualified beneficiary
27 would have remained covered, as specified in Section 10128.57,
28 of the qualified beneficiary’s ability to continue coverage under a
29 new group benefit plan for the balance of the period the qualified
30 beneficiary would have remained covered under the prior group
31 benefit plan. This notice shall be provided either 30 days prior to
32 the termination or when all enrolled employees are notified,
33 whichever is later.

34 Every disability insurer shall provide to the employer replacing
35 a group benefit plan policy issued by the insurer, or to the
36 employer’s agent or broker representative, within 15 days of any
37 written request, information in possession of the insurer reasonably
38 required to administer the notification requirements of this
39 subdivision and subdivision (c).

1 (c) Notwithstanding subdivision (a), the group benefit plan
2 contract between the insurer and the employer shall require the
3 employer to notify the successor plan in writing of the qualified
4 beneficiaries currently receiving continuation coverage so that the
5 successor plan, or contracting employer or administrator, may
6 provide those qualified beneficiaries with the necessary premium
7 information, enrollment forms, and instructions consistent with
8 the disclosure required by subdivision (c) of Section 10128.54 and
9 subdivision (e) of this section to allow the qualified beneficiary to
10 continue coverage. This information shall be sent to all qualified
11 beneficiaries who are enrolled in the group benefit plan and those
12 qualified beneficiaries who have been notified, pursuant to Section
13 10128.54 of their ability to continue their coverage and may still
14 elect coverage within the specified 60-day period. This information
15 shall be sent to the qualified beneficiary's last known address, as
16 provided to the employer by the health care service plan or,
17 disability insurer currently providing continuation coverage to the
18 qualified beneficiary. The successor insurer shall not be obligated
19 to provide this information to qualified beneficiaries if the
20 employer or prior insurer or health care service plan fails to comply
21 with this section.

22 (d) A disability insurer may contract with an employer, or an
23 administrator, to perform the administrative obligations of the plan
24 as required by this article, including required notifications and
25 collecting and forwarding premiums to the insurer. Except for the
26 requirements of subdivisions (a), (b), and (c), this subdivision shall
27 not be construed to permit an insurer to require an employer to
28 perform the administrative obligations of the insurer as required
29 by this article as a condition of the issuance or renewal of coverage.

30 (e) Every insurer, or employer or administrator that contracts
31 to perform the notice and administrative services pursuant to this
32 section, shall, within 14 days of receiving a notice of a qualifying
33 event, provide to the qualified beneficiary the necessary premium
34 information, enrollment forms, and disclosures consistent with the
35 notice requirements contained in subdivisions (b) and (c) of Section
36 10128.54 to allow the qualified beneficiary to formally elect
37 continuation coverage. This information shall be sent to the
38 qualified beneficiary's last known address.

39 (f) Every insurer, or employer or administrator that contracts
40 to perform the notice and administrative services pursuant to this

1 section, shall, during the 180-day period ending on the date that
2 continuation coverage is terminated pursuant to paragraphs (1),
3 (3), and (5) of subdivision (a) of Section 10128.57, notify a
4 qualified beneficiary who has elected continuation coverage
5 pursuant to this article of the date that his or her coverage will
6 terminate, and shall notify the qualified beneficiary of any
7 conversion coverage available to that qualified beneficiary. This
8 requirement shall not apply when the continuation coverage is
9 terminated because the group contract between the insurer and the
10 employer is being terminated.

11 (g) (1) An insurer shall provide to a qualified beneficiary who
12 has a qualifying event during the period specified in subparagraph
13 (A) of paragraph (3) of subdivision (a) of Section 3001 of ARRA,
14 a written notice containing information on the availability of
15 premium assistance under ARRA. This notice shall be sent to the
16 qualified beneficiary's last known address. The notice shall include
17 clear and easily understandable language to inform the qualified
18 beneficiary that changes in federal law provide a new opportunity
19 to elect continuation coverage with a 65-percent premium subsidy
20 and shall include all of the following:

21 (A) The amount of the premium the person will pay. For
22 qualified beneficiaries who had a qualifying event between
23 September 1, 2008, and May 12, 2009, inclusive, if an insurer is
24 unable to provide the correct premium amount in the notice, the
25 notice may contain the last known premium amount and an
26 opportunity for the qualified beneficiary to request, through a
27 toll-free telephone number, the correct premium that would apply
28 to the beneficiary.

29 (B) Enrollment forms and any other information required to be
30 included pursuant to subdivision (e) to allow the qualified
31 beneficiary to elect continuation coverage. This information shall
32 not be included in notices sent to qualified beneficiaries currently
33 enrolled in continuation coverage.

34 (C) A description of the option to enroll in different coverage
35 as provided in subparagraph (B) of paragraph (1) of subdivision
36 (a) of Section 3001 of ARRA. This description shall advise the
37 qualified beneficiary to contact the covered employee's former
38 employer for prior approval to choose this option.

1 (D) The eligibility requirements for premium assistance in the
2 amount of 65 percent of the premium under Section 3001 of
3 ARRA.

4 (E) The duration of premium assistance available under ARRA.

5 (F) A statement that a qualified beneficiary eligible for premium
6 assistance under ARRA may elect continuation coverage no later
7 than 60 days of the date of the notice.

8 (G) A statement that a qualified beneficiary eligible for premium
9 assistance under ARRA who rejected or discontinued continuation
10 coverage prior to receiving the notice required by this subdivision
11 has the right to withdraw that rejection and elect continuation
12 coverage with the premium assistance.

13 (H) A statement that reads as follows:

14
15 “IF YOU ARE HAVING ANY DIFFICULTIES READING OR
16 UNDERSTANDING THIS NOTICE, PLEASE CONTACT [name
17 of insurer] at [insert appropriate telephone number].”
18

19 (2) With respect to qualified beneficiaries who had a qualifying
20 event between September 1, 2008, and May 12, 2009, inclusive,
21 the notice described in this subdivision shall be provided by the
22 later of May 26, 2009, or seven business days after the date the
23 insurer receives notice of the qualifying event.

24 (3) With respect to qualified beneficiaries who had or have a
25 qualifying event between May 13, 2009, and the later date specified
26 in subparagraph (A) of paragraph (3) of subdivision (a) of Section
27 3001 of ARRA, inclusive, the notice described in this subdivision
28 shall be provided within the period of time specified in subdivision
29 (e).

30 (4) Nothing in this section shall be construed to require an
31 insurer to provide the insurer’s evidence of coverage as a part of
32 the notice required by this subdivision, and nothing in this section
33 shall be construed to require an insurer to amend its existing
34 evidence of coverage to comply with the changes made to this
35 section by the enactment of Assembly Bill 23 of the 2009–10
36 Regular Session or by the act amending this section during the
37 second year of the 2009–10 Regular Session.

38 (5) The requirement under this subdivision to provide a written
39 notice to a qualified beneficiary and the requirement under
40 paragraph (1) of subdivision-~~(h)~~ (i) to provide a new opportunity

1 to a qualified beneficiary to elect continuation coverage shall be
2 deemed satisfied if an insurer previously provided a written notice
3 and additional election opportunity under Section 3001 of ARRA
4 to that qualified beneficiary prior to the effective date of the act
5 adding this paragraph.

6 *(h) A group contract between a group benefit plan and an*
7 *employer subject to this article that is issued, amended, or renewed*
8 *on or after July 1, 2016, shall require the employer to give the*
9 *following notice to a qualified beneficiary:*

10 *“In addition to your coverage continuation options, you may be*
11 *eligible for the following:*

12 *1. Coverage through the state health insurance marketplace,*
13 *also known as Covered California. By enrolling through Covered*
14 *California, you may qualify for lower monthly premiums and lower*
15 *out-of-pocket costs. Your family members may also qualify for*
16 *coverage through Covered California.*

17 *2. Coverage through Medi-Cal. Depending on your income, you*
18 *may qualify for low or no-cost coverage through the state Medicaid*
19 *program that is known as Medi-Cal.*

20 *3. Coverage through an insured spouse. If your spouse has*
21 *coverage that extends to family members, you may be eligible to*
22 *be added on that benefit plan.*

23 *Be aware that there may be a deadline to enroll in some of these*
24 *options. To find out more about how to apply for Covered*
25 *California and Medi-Cal, visit the Covered California Internet*
26 *Web site at <http://www.coveredca.com>.”*

27 ~~(h)~~

28 *(i) (1) Notwithstanding any other ~~provision~~ of law, a qualified*
29 *beneficiary eligible for premium assistance under ARRA may elect*
30 *continuation coverage no later than 60 days after the date of the*
31 *notice required by subdivision (g).*

32 *(2) For a qualified beneficiary who elects to continue coverage*
33 *pursuant to this subdivision, the period beginning on the date of*
34 *the qualifying event and ending on the effective date of the*
35 *continuation coverage shall be disregarded for purposes of*
36 *calculating a break in coverage in determining whether a*
37 *preexisting condition provision applies under subdivision (e) of*
38 *Section 10198.7 or subdivision (c) of Section 10708.*

39 *(3) For a qualified beneficiary who had a qualifying event*
40 *between September 1, 2008, and February 16, 2009, inclusive, and*

1 who elects continuation coverage pursuant to paragraph (1), the
2 continuation coverage shall commence on the first day of the month
3 following the election.

4 (4) For a qualified beneficiary who had a qualifying event
5 between February 17, 2009, and May 12, 2009, inclusive, and who
6 elects continuation coverage pursuant to paragraph (1), the effective
7 date of the continuation coverage shall be either of the following,
8 at the option of the beneficiary, provided that the beneficiary pays
9 the applicable premiums:

10 (A) The date of the qualifying event.

11 (B) The first day of the month following the election.

12 (5) Notwithstanding any other ~~provision~~ of law, a qualified
13 beneficiary who is eligible for the special election period described
14 in paragraph (17) of subdivision (a) of Section 3001 of ARRA
15 may elect continuation coverage no later than 60 days after the
16 date of the notice required under subdivision ~~(j)~~: (k). For a qualified
17 beneficiary who elects coverage pursuant to this paragraph, the
18 continuation coverage shall be effective as of the first day of the
19 first period of coverage after the date of termination of
20 employment, except, if federal law permits, coverage shall take
21 effect on the first day of the month following the election.
22 However, for purposes of calculating the duration of continuation
23 coverage pursuant to Section 10128.57, the period of that coverage
24 shall be determined as though the qualifying event was a reduction
25 of hours of the employee.

26 (6) Notwithstanding any other ~~provision~~ of law, a qualified
27 beneficiary who is eligible for any other special election period
28 under ARRA may elect continuation coverage no later than 60
29 days after the date of the special election notice required under
30 ARRA.

31 (i)

32 (j) An insurer shall provide a qualified beneficiary eligible for
33 premium assistance under ARRA written notice of the extension
34 of that premium assistance as required under Section 3001 of
35 ARRA.

36 (j)

37 (k) A health insurer, or an administrator or employer if
38 administrative obligations have been assumed by those entities
39 pursuant to subdivision (d), shall give the qualified beneficiaries
40 described in subparagraph (C) of paragraph (17) of subdivision

1 (a) of Section 3001 of ARRA the written notice required by that
2 paragraph by implementing the following procedures:

3 (1) The insurer shall, within 14 days of the effective date of the
4 act adding this subdivision, send a notice to employers currently
5 contracting with the insurer for a group benefit plan subject to this
6 article. The notice shall do all of the following:

7 (A) Advise the employer that employees whose employment is
8 terminated on or after March 2, 2010, who were previously enrolled
9 in any group health care service plan or health insurance policy
10 offered by the employer may be entitled to special health coverage
11 rights, including a subsidy paid by the federal government for a
12 portion of the premium.

13 (B) Ask the employer to provide the insurer with the name,
14 address, and date of termination of employment for any employee
15 whose employment is terminated on or after March 2, 2010, and
16 who was at any time covered by any health care service plan or
17 health insurance policy offered to their employees on or after
18 September 1, 2008.

19 (C) Provide employers with a format and instructions for
20 submitting the information to the insurer, or their administrator or
21 employer who has assumed administrative obligations pursuant
22 to subdivision (d), by telephone, fax, electronic mail, or mail.

23 (2) Within 14 days of receipt of the information specified in
24 paragraph (1) from the employer, the insurer shall send the written
25 notice specified in paragraph (17) of subdivision (a) of Section
26 3001 of ARRA to those individuals.

27 (3) If an individual contacts his or her health insurer and
28 indicates that he or she experienced a qualifying event that entitles
29 him or her to the special election period described in paragraph
30 (17) of subdivision (a) of Section 3001 of ARRA or any other
31 special election provision of ARRA, the insurer shall provide the
32 individual with the notice required under paragraph (17) of
33 subdivision (a) of Section 3001 of ARRA or any other applicable
34 provision of ARRA, regardless of whether the insurer receives or
35 received information from the individual's previous employer
36 regarding that individual pursuant to Section 24100 of the Health
37 and Safety Code. The insurer shall review the individual's
38 application for coverage under this special election notice to
39 determine if the individual qualifies for the special election period
40 and the premium assistance under ARRA. The insurer shall comply

1 with paragraph (5) if the individual does not qualify for either the
2 special election period or premium assistance under ARRA.

3 (4) The requirement under this subdivision to provide the written
4 notice described in paragraph (17) of subdivision (a) of Section
5 3001 of ARRA to a qualified beneficiary and the requirement
6 under paragraph (5) of subdivision~~(h)~~ (i) to provide a new
7 opportunity to a qualified beneficiary to elect continuation coverage
8 shall be deemed satisfied if a health insurer previously provided
9 the written notice and additional election opportunity described in
10 paragraph (17) of subdivision (a) of Section 3001 of ARRA to that
11 qualified beneficiary prior to the effective date of the act adding
12 this paragraph.

13 (5) If an individual does not qualify for either a special election
14 period or the subsidy under ARRA, the insurer shall provide a
15 written notice to that individual that shall include information on
16 the right to appeal as set forth in Section 3001 of ARRA.

17 (6) A health insurer shall provide information on its publicly
18 accessible Internet Web site regarding the premium assistance
19 made available under ARRA and any special election period
20 provided under that law. An insurer may fulfill this requirement
21 by linking or otherwise directing consumers to the information
22 regarding COBRA continuation coverage premium assistance
23 located on the Internet Web site of the United States Department
24 of Labor. The information required by this paragraph shall be
25 located in a section of the insurer’s Internet Web site that is readily
26 accessible to consumers, such as the Web site’s Frequently Asked
27 Questions section.

28 ~~(k)~~

29 (l) Notwithstanding any other ~~provision~~ of law, a qualified
30 beneficiary eligible for premium assistance under ARRA may elect
31 to enroll in different coverage subject to the criteria provided under
32 subparagraph (B) of paragraph (1) of subdivision (a) of Section
33 3001 of ARRA.

34 ~~(t)~~

35 (m) A qualified beneficiary enrolled in continuation coverage
36 as of February 17, 2009, who is eligible for premium assistance
37 under ARRA may request application of the premium assistance
38 as of March 1, 2009, or later, consistent with ARRA.

39 ~~(m)~~

1 (n) An insurer that receives an election notice from a qualified
2 beneficiary eligible for premium assistance under ARRA, pursuant
3 to subdivision ~~(h)~~, (i), shall be considered a person entitled to
4 reimbursement, as defined in Section 6432(b)(3) of the Internal
5 Revenue Code, as amended by paragraph (12) of subdivision (a)
6 of Section 3001 of ARRA.

7 ~~(h)~~

8 (o) (1) For purposes of compliance with ARRA, in the absence
9 of guidance from, or if specifically required for state-only
10 continuation coverage by, the United States Department of Labor,
11 the Internal Revenue Service, or the Centers for Medicare and
12 Medicaid Services, an insurer may request verification of the
13 involuntary termination of a covered employee's employment from
14 the covered employee's former employer or the qualified
15 beneficiary seeking premium assistance under ARRA.

16 (2) An insurer that requests verification pursuant to paragraph
17 (1) directly from a covered employee's former employer shall do
18 so by providing a written notice to the employer. This written
19 notice shall be sent by mail or facsimile to the covered employee's
20 former employer within seven business days from the date the
21 insurer receives the qualified beneficiary's election notice pursuant
22 to subdivision ~~(h)~~: (i). Within 10 calendar days of receipt of written
23 notice required by this paragraph, the former employer shall furnish
24 to the insurer written verification as to whether the covered
25 employee's employment was involuntarily terminated.

26 (3) A qualified beneficiary requesting premium assistance under
27 ARRA may furnish to the insurer a written document or other
28 information from the covered employee's former employer
29 indicating that the covered employee's employment was
30 involuntarily terminated. This document or information shall be
31 deemed sufficient by the insurer to establish that the covered
32 employee's employment was involuntarily terminated for purposes
33 of ARRA, unless the insurer makes a reasonable and timely
34 determination that the documents or information provided by the
35 qualified beneficiary are legally insufficient to establish involuntary
36 termination of employment.

37 (4) If an insurer requests verification pursuant to this subdivision
38 and cannot verify involuntary termination of employment within
39 14 business days from the date the employer receives the
40 verification request or from the date the insurer receives

1 documentation or other information from the qualified beneficiary
2 pursuant to paragraph (3), the insurer shall either provide
3 continuation coverage with the federal premium assistance to the
4 qualified beneficiary or send the qualified beneficiary a denial
5 letter which shall include notice of his or her right to appeal that
6 determination pursuant to ARRA.

7 (5) No person shall intentionally delay verification of
8 involuntary termination of employment under this subdivision.

9 *SEC. 10. No reimbursement is required by this act pursuant*
10 *to Section 6 of Article XIII B of the California Constitution because*
11 *the only costs that may be incurred by a local agency or school*
12 *district will be incurred because this act creates a new crime or*
13 *infraction, eliminates a crime or infraction, or changes the penalty*
14 *for a crime or infraction, within the meaning of Section 17556 of*
15 *the Government Code, or changes the definition of a crime within*
16 *the meaning of Section 6 of Article XIII B of the California*
17 *Constitution.*