

AMENDED IN SENATE MAY 5, 2015
AMENDED IN SENATE APRIL 20, 2015

SENATE BILL

No. 503

Introduced by Senator Hernandez

February 26, 2015

An act to amend 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 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 If federal law requiring an individual to maintain minimum health coverage is repealed or amended to no longer apply to the individual market, as specified, the bill would reenact that disclosure requirement to become operative 12 months after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: yes.
State-mandated local program: 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
13 benefit plan, that provides coverage for individuals and that does

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

8 (c) Individuals who are covered, become covered, or are eligible
9 for federal COBRA coverage pursuant to Section 4980B of the
10 United States Internal Revenue Code or Chapter 18 of the
11 Employee Retirement Income Security Act, ~~29 U.S.C. Section~~
12 ~~1161 et seq. Act (29 U.S.C. Sec. 116 et seq.).~~

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

17 (e) Qualified beneficiaries who fail to meet the requirements of
18 subdivision (b) of Section 1366.24 or subdivision (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 SEC. 2. Section 1366.24 of the Health and Safety Code is
28 amended to read:

29 1366.24. (a) Every health care service plan evidence of
30 coverage, provided for group benefit plans subject to this article,
31 that is issued, amended, or renewed on or after January 1, 1999,
32 shall disclose to covered employees of group benefit plans subject
33 to this article the ability to continue coverage pursuant to this
34 article, as required by this section.

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

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

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

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

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

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

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

39 "In addition to your coverage continuation options, you may be
40 eligible for the following:

1 1. Coverage through the state health insurance marketplace, also
 2 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. *Your family members may*
 9 *also qualify for Medi-Cal.*

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

13 Be aware that there ~~may be~~ *is* a deadline to enroll in ~~some of~~
 14 ~~these options~~. *Covered California, although you can apply for*
 15 *Medi-Cal at anytime.* To find out more about how to apply for
 16 Covered California and Medi-Cal, visit the Covered California
 17 Internet 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 federal
 25 Patient Protection and Affordable Care Act (Public Law 111-148),
 26 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
 39 Section 1366.21, shall be required, as a condition of receiving
 40 benefits pursuant to this article, to notify, in writing, the health

1 care service plan, or the employer if the employer contracts to
2 perform the administrative services as provided for in Section
3 1366.25, of all qualifying events as specified in paragraphs (1),
4 (3), (4), and (5) of subdivision (d) of Section 1366.21 within 60
5 days of the date of the qualifying event. This disclosure shall
6 inform enrollees that failure to make the notification to the health
7 care service plan, or to the employer when under contract to
8 provide the administrative services, within the required 60 days
9 will disqualify the qualified beneficiary from receiving continuation
10 coverage pursuant to this article. The disclosure shall further state
11 that a qualified beneficiary who wishes to continue coverage under
12 the group benefit plan pursuant to this article must request the
13 continuation in writing and deliver the written request, by first-class
14 mail, or other reliable means of delivery, including personal
15 delivery, express mail, or private courier company, to the health
16 care service plan, or to the employer if the plan has contracted
17 with the employer for administrative services pursuant to
18 subdivision (d) of Section 1366.25, within the 60-day period
19 following the later of (1) the date that the enrollee's coverage under
20 the group benefit plan terminated or will terminate by reason of a
21 qualifying event, or (2) the date the enrollee was sent notice
22 pursuant to subdivision (e) of Section 1366.25 of the ability to
23 continue coverage under the group benefit plan. The disclosure
24 required by this section shall also state that a qualified beneficiary
25 electing continuation shall pay to the health care service plan, in
26 accordance with the terms and conditions of the plan contract,
27 which shall be set forth in the notice to the qualified beneficiary
28 pursuant to subdivision (d) of Section 1366.25, the amount of the
29 required premium payment, as set forth in Section 1366.26. The
30 disclosure shall further require that the qualified beneficiary's first
31 premium payment required to establish premium payment be
32 delivered by first-class mail, certified mail, or other reliable means
33 of delivery, including personal delivery, express mail, or private
34 courier company, to the health care service plan, or to the employer
35 if the 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
22 article a written notice containing the disclosures required by this
23 section, or shall provide to all covered employees of employers
24 subject to this section a new or amended evidence of coverage that
25 includes the disclosures required by this section. Any specialized
26 health care service plan that, in the ordinary course of business,
27 maintains only the addresses of employer group purchasers of
28 benefits and does not maintain addresses of covered employees,
29 may comply with the notice requirements of this section through
30 the provision of the notices to its employer group purchasers of
31 benefits.

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

38 (f) Every disclosure issued, amended, or renewed on or after
39 the operative date of this section for a group benefit plan subject
40 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, also
12 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. *Your family members may*
19 *also qualify for Medi-Cal.*

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

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

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

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

39 SEC. 4. Section 1366.25 of the Health and Safety Code is
40 amended to read:

1 1366.25. (a) Every group contract between a health care service
2 plan and an employer subject to this article that is issued, amended,
3 or renewed on or after July 1, 1998, shall require the employer to
4 notify the plan, in writing, of any employee who has had a
5 qualifying event, as defined in paragraph (2) of subdivision (d) of
6 Section 1366.21, within 30 days of the qualifying event. The group
7 contract shall also require the employer to notify the plan, in
8 writing, within 30 days of the date, when the employer becomes
9 subject to Section 4980B of the United States Internal Revenue
10 Code or Chapter 18 of the Employee Retirement Income Security
11 Act, ~~29 U.S.C. Sec. 1161 et seq.~~ *Act (29 U.S.C. Sec. 1161 et seq.)*.

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

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

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

1 beneficiaries who are enrolled in the plan and those qualified
2 beneficiaries who have been notified, pursuant to Section 1366.24,
3 of their ability to continue their coverage and may still elect
4 coverage within the specified 60-day period. This information
5 shall be sent to the qualified beneficiary's last known address, as
6 provided to the employer by the health care service plan or
7 disability insurer currently providing continuation coverage to the
8 qualified beneficiary. The successor plan shall not be obligated to
9 provide this information to qualified beneficiaries if the employer
10 or prior plan or insurer fails to comply with this section.

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

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

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

1 terminated because the group contract between the plan and the
2 employer is being terminated.

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

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

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

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

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

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

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

38 (G) A statement that a qualified beneficiary eligible for premium
39 assistance under ARRA who rejected or discontinued continuation
40 coverage prior to receiving the notice required by this subdivision

1 has the right to withdraw that rejection and elect continuation
2 coverage with the premium assistance.

3 (H) A statement that reads as follows:

4

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

8

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

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

20 (4) Nothing in this section shall be construed to require a health
21 care service plan to provide the plan’s evidence of coverage as a
22 part of the notice required by this subdivision, and nothing in this
23 section shall be construed to require a health care service plan to
24 amend its existing evidence of coverage to comply with the changes
25 made to this section by the enactment of Assembly Bill 23 of the
26 2009–10 Regular Session or by the act amending this section during
27 the second year of the 2009–10 Regular Session.

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

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

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, also
4 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. *Your family members may*
11 *also qualify for Medi-Cal.*

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

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

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

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

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

36 (4) For a qualified beneficiary who had a qualifying event
37 between February 17, 2009, and May 12, 2009, inclusive, and who
38 elects continuation coverage pursuant to paragraph (1), the effective
39 date of the continuation coverage shall be either of the following,

1 at the option of the beneficiary, provided that the beneficiary pays
2 the applicable premiums:

3 (A) The date of the qualifying event.

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

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

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

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

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

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

38 (A) Advise the employer that employees whose employment is
39 terminated on or after March 2, 2010, who were previously enrolled
40 in any group health care service plan or health insurance policy

1 offered by the employer may be entitled to special health coverage
2 rights, including a subsidy paid by the federal government for a
3 portion of the premium.

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

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

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

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

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

1 the written notice and additional election opportunity described in
2 paragraph (17) of subdivision (a) of Section 3001 of ARRA to that
3 qualified beneficiary prior to the effective date of the act adding
4 this paragraph.

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

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

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

35 (n) 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 (o) A health care service plan that receives an election notice
40 from a qualified beneficiary eligible for premium assistance under

1 ARRA, pursuant to subdivision (i), shall be considered a person
2 entitled to reimbursement, as defined in Section 6432(b)(3) of the
3 Internal Revenue Code, as amended by paragraph (12) of
4 subdivision (a) of Section 3001 of ARRA.

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

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

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

35 (4) If a health care service plan requests verification pursuant
36 to this subdivision and cannot verify involuntary termination of
37 employment within 14 business days from the date the employer
38 receives the verification request or from the date the plan receives
39 documentation or other information from the qualified beneficiary
40 pursuant to paragraph (3), the health care service plan shall either

1 provide continuation coverage with the federal premium assistance
2 to the qualified beneficiary or send the qualified beneficiary a
3 denial letter which shall include notice of his or her right to appeal
4 that determination pursuant to ARRA.

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

7 (q) The provision of information and forms related to the
8 premium assistance available pursuant to ARRA to individuals by
9 a health care service plan shall not be considered a violation of
10 this chapter provided that the plan complies with all of the
11 requirements of this article.

12 SEC. 5. Section 24100 of the Health and Safety Code is
13 amended to read:

14 24100. (a) For purposes of this section, the following
15 definitions apply:

16 (1) "ARRA" means Title III of Division B of the federal
17 American Recovery and Reinvestment Act of 2009 or any
18 amendment to that federal law extending federal premium
19 assistance to qualified beneficiaries, as defined in Section 1366.21
20 of this code or Section 10128.51 of the Insurance Code.

21 (2) "Employer" means an employer as defined in Section
22 1366.21 of this code or an employer as defined in Section 10128.51
23 of the Insurance Code.

24 (b) An employer shall provide the information described in
25 subparagraph (B) of paragraph (1) of subdivision (k) of Section
26 1366.25 of this code or subparagraph (B) of paragraph (1) of
27 subdivision (k) of Section 10128.55 of the Insurance Code, as
28 applicable, with respect to any employee whose employment is
29 terminated on or after March 2, 2010, and who was enrolled at any
30 time in a health care service plan or health insurance policy offered
31 by the employer on or after September 1, 2008. This information
32 shall be provided to the requesting health care service plan or
33 health insurer within 14 days of receipt of the notification described
34 in paragraph (1) of subdivision (k) of Section 1366.25 of this code
35 or paragraph (1) of subdivision (k) of Section 10128.55 of the
36 Insurance Code. The employer shall continue to provide the
37 information to the health care service plan or health insurer within
38 14 days after the end of each month for any employee whose
39 employment is terminated in the prior month until the last date

1 specified in subparagraph (A) of paragraph (3) of subdivision (a)
2 of Section 3001 of ARRA.

3 SEC. 6. Section 10128.52 of the Insurance Code is amended
4 to read:

5 10128.52. The continuation coverage requirements of this
6 article do not apply to the following individuals:

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

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

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

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

32 (e) Qualified beneficiaries who fail to meet the requirements of
33 subdivision (b) of Section 10128.54 or subdivision (i) of Section
34 10128.55 regarding notification of a qualifying event or election
35 of continuation coverage within the specified time limits.

36 (f) Except as provided in Section 3001 of ARRA, qualified
37 beneficiaries who fail to submit the correct premium amount
38 required by subdivision (b) of Section 10128.55 and Section
39 10128.57, in accordance with the terms and conditions of the policy

1 or contract, or fail to satisfy other terms and conditions of the
2 policy or contract.

3 SEC. 7. Section 10128.54 of the Insurance Code is amended
4 to 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
13 Section 10128.51, shall be required, as a condition of receiving
14 benefits pursuant to this article, to notify, in writing, the insurer,
15 or the employer if the employer contracts to perform the
16 administrative services as provided for in Section 10128.55, of all
17 qualifying events as specified in paragraphs (1), (3), (4), and (5)
18 of subdivision (d) of Section 10128.51 within 60 days of the date
19 of 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 wishes
25 to continue coverage under the group benefit plan pursuant to this
26 article shall request the continuation in writing and deliver the
27 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 will
34 terminate by reason of a qualifying event, or (2) the date the insured
35 was sent notice pursuant to subdivision (e) of Section 10128.55
36 of the ability to continue coverage under the group benefit plan.
37 The disclosure required by this section shall also state that a
38 qualified beneficiary electing continuation shall pay to the disability
39 insurer, in accordance with the terms and conditions of the policy
40 or contract, which shall be set forth in the notice to the qualified

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

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

31 (d) Prior to August 1, 1998, every insurer shall provide to all
32 covered employees of employers subject to this article written
33 notice containing the disclosures required by this section, or shall
34 provide to all covered employees of employers subject to this
35 article a new or amended evidence of coverage that includes the
36 disclosures required by this section. Any insurer that, in the
37 ordinary course of business, maintains only the addresses of
38 employer group purchasers of benefits, and does not maintain
39 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 and
4 after January 1, 1999, for a group benefit plan subject to this article
5 shall provide a notice that, under state law, an insured may be
6 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) A disclosure issued, amended, or renewed on or after July
10 1, 2016, for a group benefit plan subject to this article shall include
11 the following notice:

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

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

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

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

26 Be aware that there ~~may be~~ *is* a deadline to enroll in ~~some of~~
27 ~~these options~~. *Covered California, although you can apply for*
28 *Medi-Cal at anytime.* To find out more about how to apply for
29 Covered California and Medi-Cal, visit the Covered California
30 Internet 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 federal
38 Patient Protection and Affordable Care Act (Public Law 111-148),
39 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
13 Section 10128.51, shall be required, as a condition of receiving
14 benefits pursuant to this article, to notify, in writing, the insurer,
15 or the employer if the employer contracts to perform the
16 administrative services as provided for in Section 10128.55, of all
17 qualifying events as specified in paragraphs (1), (3), (4), and (5)
18 of subdivision (d) of Section 10128.51 within 60 days of the date
19 of 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 wishes
25 to continue coverage under the group benefit plan pursuant to this
26 article must request the continuation in writing and deliver the
27 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 will
34 terminate by reason of a qualifying event, or (2) the date the insured
35 was sent notice pursuant to subdivision (e) of Section 10128.55
36 of the ability to continue coverage under the group benefit plan.
37 The disclosure required by this section shall also state that a
38 qualified beneficiary electing continuation shall pay to the disability
39 insurer, in accordance with the terms and conditions of the policy
40 or contract, which shall be set forth in the notice to the qualified

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

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

31 (d) Prior to August 1, 1998, every insurer shall provide to all
32 covered employees of employers subject to this article written
33 notice containing the disclosures required by this section, or shall
34 provide to all covered employees of employers subject to this
35 article a new or amended evidence of coverage that includes the
36 disclosures required by this section. Any insurer that, in the
37 ordinary course of business, maintains only the addresses of
38 employer group purchasers of benefits, and does not maintain
39 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 article
5 shall provide a notice that, under state law, an insured may be
6 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, also
23 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. *Your family members may*
30 *also qualify for Medi-Cal.*

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

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

39 (h) (1) If Section 5000A of the Internal Revenue Code, as added
40 by Section 1501 of PPACA, is repealed or amended to no longer

1 apply to the individual market, as defined in Section 2791 of the
2 federal Public Health Service Act (42 U.S.C. Sec. 300gg-91), this
3 section shall become operative 12 months after the date of that
4 repeal or amendment.

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

10 SEC. 9. Section 10128.55 of the Insurance Code is amended
11 to read:

12 10128.55. (a) Every group benefit plan contract between a
13 disability insurer and an employer subject to this article that is
14 issued, amended, or renewed on or after July 1, 1998, shall require
15 the employer to notify the insurer in writing of any employee who
16 has had a qualifying event, as defined in paragraph (2) of
17 subdivision (d) of Section 10128.51, within 30 days of the
18 qualifying event. The group contract shall also require the employer
19 to notify the insurer, in writing, within 30 days of the date when
20 the employer becomes subject to Section 4980B of the United
21 States Internal Revenue Code or Chapter 18 of the Employee
22 Retirement Income Security Act, ~~29 U.S.C. Sec. 1161 et seq. Act~~
23 (*29 U.S.C. Sec. 1161 et seq.*).

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

37 Every disability insurer shall provide to the employer replacing
38 a group benefit plan policy issued by the insurer, or to the
39 employer’s agent or broker representative, within 15 days of any
40 written request, information in possession of the insurer reasonably

1 required to administer the notification requirements of this
2 subdivision and subdivision (c).

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

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

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

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

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

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

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

36 (C) A description of the option to enroll in different coverage
37 as provided in subparagraph (B) of paragraph (1) of subdivision
38 (a) of Section 3001 of ARRA. This description shall advise the
39 qualified beneficiary to contact the covered employee's former
40 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 (i) to provide a new opportunity to a

1 qualified beneficiary to elect continuation coverage shall be deemed
2 satisfied if an insurer previously provided a written notice and
3 additional election opportunity under Section 3001 of ARRA to
4 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, also
13 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. *Your family members may*
20 *also qualify for Medi-Cal.*

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

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

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

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

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

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

12 (A) The date of the qualifying event.

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

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

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

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 (k) A health insurer, or an administrator or employer if
37 administrative obligations have been assumed by those entities
38 pursuant to subdivision (d), shall give the qualified beneficiaries
39 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 (i) to provide a new opportunity
7 to a qualified beneficiary to elect continuation coverage shall be
8 deemed satisfied if a health insurer previously provided the written
9 notice and additional election opportunity described in paragraph
10 (17) of subdivision (a) of Section 3001 of ARRA to that qualified
11 beneficiary prior to the effective date of the act adding this
12 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 (l) Notwithstanding any other law, a qualified beneficiary
29 eligible for premium assistance under ARRA may elect to enroll
30 in different coverage subject to the criteria provided under
31 subparagraph (B) of paragraph (1) of subdivision (a) of Section
32 3001 of ARRA.

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

37 (n) An insurer that receives an election notice from a qualified
38 beneficiary eligible for premium assistance under ARRA, pursuant
39 to subdivision (i), shall be considered a person entitled to
40 reimbursement, as defined in Section 6432(b)(3) of the Internal

1 Revenue Code, as amended by paragraph (12) of subdivision (a)
2 of Section 3001 of ARRA.

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

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

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

32 (4) If an insurer requests verification pursuant to this subdivision
33 and cannot verify involuntary termination of employment within
34 14 business days from the date the employer receives the
35 verification request or from the date the insurer receives
36 documentation or other information from the qualified beneficiary
37 pursuant to paragraph (3), the insurer shall either provide
38 continuation coverage with the federal premium assistance to the
39 qualified beneficiary or send the qualified beneficiary a denial

1 letter which shall include notice of his or her right to appeal that
2 determination pursuant to ARRA.

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

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

14

15

16 CORRECTIONS:

17 Text—Pages 5, 6, 9, 14, 21, 23, 24, 26, 27, 31, and 32.

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