

Introduced by Senator MonningFebruary 18, 2016

An act to amend Section 1374.21 of the Health and Safety Code, relating to health care service plans.

LEGISLATIVE COUNSEL'S DIGEST

SB 1181, as introduced, Monning. Health care service plan contracts.

Existing law, the Knox-Keene Health Care Service Plan Act of 1975, provides for the licensure and regulation of health care service plans by the Department of Managed Health Care and makes a willful violation of the act a crime. Existing law regulates the manner in which a plan makes premium or coverage changes to a contract, including requiring prescribed notice to enrollees within a specified time period.

This bill would make technical, nonsubstantive changes to these provisions.

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

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

- 1 SECTION 1. Section 1374.21 of the Health and Safety Code
- 2 is amended to read:
- 3 1374.21. (a) (1) A change in premium rates or changes in
- 4 coverage stated in a group health care service plan contract shall
- 5 not become effective unless the plan has delivered ~~in writing~~ a
- 6 *written* notice indicating the change or changes at least 60 days
- 7 prior to the contract renewal effective date.
- 8 (2) The notice delivered pursuant to paragraph (1) for large
- 9 group health plans shall also include the following information:

1 (A) Whether the rate proposed to be in effect is greater than the
2 average rate increase for individual market products negotiated by
3 the California Health Benefit Exchange for the most recent calendar
4 year for which the rates are final.

5 (B) Whether the rate proposed to be in effect is greater than the
6 average rate increase negotiated by the Board of Administration
7 of the Public Employees' Retirement System for the most recent
8 calendar year for which the rates are final.

9 (C) Whether the rate change includes any portion of the excise
10 tax paid by the health plan.

11 (b) A health care service plan that declines to offer coverage ~~to~~
12 ~~to~~, or denies enrollment ~~for~~ *for*, a large group applying for coverage
13 shall, at the time of the denial of coverage, provide the applicant
14 with the specific reason or reasons for the decision in writing, in
15 clear, easily understandable language.