

AMENDED IN SENATE JUNE 26, 2009

AMENDED IN SENATE JUNE 23, 2009

AMENDED IN ASSEMBLY MARCH 24, 2009

AMENDED IN ASSEMBLY FEBRUARY 26, 2009

CALIFORNIA LEGISLATURE—2009—10 REGULAR SESSION

ASSEMBLY BILL

No. 108

Introduced by Assembly Member Hayashi

January 12, 2009

An act to add Section 1389.21 to the Health and Safety Code, and to add Section 10384.17 to the Insurance Code, relating to health care coverage.

LEGISLATIVE COUNSEL'S DIGEST

AB 108, as amended, Hayashi. Individual health care coverage.

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 its provisions a crime. Existing law provides for the regulation of health insurers by the Department of Insurance. Existing law prohibits the cancellation or nonrenewal of an enrollment or subscription by a health care service plan except in specified circumstances. Existing law prohibits the nonrenewal of individual health benefit plans by a health insurer except in specified circumstances.

This bill would prohibit a health care service plan or health insurer from rescinding an individual health care service plan contract or individual health insurance policy ~~for any reason~~, or from canceling,

limiting, or raising the premiums of the plan contract or policy due to any omission, misrepresentation, or inaccuracy in the application form, after ~~18~~ 24 months following the issuance of the plan contract or policy, *except* as specified.

Because this bill would impose additional requirements on health care service plans, the willful violation of which would be a crime, it 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 1389.21 is added to the Health and Safety
2 Code, to read:

3 1389.21. Notwithstanding any other provision of law, after ~~18~~
4 24 months following the issuance of an individual health care
5 service plan contract, a plan shall not rescind the plan contract for
6 any reason, and shall not cancel the plan contract, or limit any of
7 the provisions of the plan contract, or raise premiums on the plan
8 contract due to any omissions, misrepresentations, or inaccuracies
9 in the application form, ~~whether willful or not~~. Nothing in this
10 section shall be construed to allow a health care service plan to
11 rescind a plan contract within the ~~18-month~~ 24-month time period
12 contrary to other applicable law, or to allow a health care service
13 plan to cancel, limit, or raise premiums within this time period
14 contrary to other applicable law. *This section shall not limit a*
15 *plan's remedies upon a showing of willful misrepresentation.*

16 SEC. 2. Section 10384.17 is added to the Insurance Code, to
17 read:

18 10384.17. (a) ~~Notwithstanding any other provision of law,~~
19 ~~after 18~~ 24 months following the issuance of an individual health
20 insurance policy, a health insurer shall not rescind the policy for
21 any reason, and shall not cancel the policy, or limit any of the
22 provisions of the policy, or raise premiums on the policy due to
23 any omissions, misrepresentations, or inaccuracies in the

1 application form, ~~whether willful or not~~. Nothing in this section
2 shall be construed to allow a health insurer to rescind a health
3 insurance policy within the ~~18-month~~ 24-month time period
4 contrary to other applicable law, or to allow a health insurer to
5 cancel, limit, or raise premiums within this time period contrary
6 to other applicable law. *This section shall not limit a health*
7 *insurer's remedies upon a showing of willful misrepresentation.*

8 ~~(b) Section 10350.2 shall not apply to any health insurance~~
9 ~~policy that is subject to subdivision (a). If necessary, the~~
10 ~~commissioner may make, amend, or rescind any rules and~~
11 ~~regulations to implement this section.~~

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