AMENDED IN ASSEMBLY APRIL 20, 2010

AMENDED IN ASSEMBLY APRIL 6, 2010

AMENDED IN ASSEMBLY MARCH 22, 2010

CALIFORNIA LEGISLATURE—2009–10 REGULAR SESSION

ASSEMBLY BILL No. 2042

Introduced by Assembly Member Feuer

February 17, 2010

An act to add Section 1374.255 to the Health and Safety Code, and to add Section 10199.49 to the Insurance Code, relating to health care coverage.

LEGISLATIVE COUNSEL'S DIGEST

AB 2042, as amended, Feuer. Health care coverage: rate changes.

Existing law, the Knox-Keene Health Care Service Plan Act of 1975, provides for the licensure and regulation of health care service plans by the Department of Managed Health Care and makes a willful violation of the act a crime. Existing law also provides for the regulation of health insurers by the Department of Insurance. Under existing law, no change in premium rates or coverage in a health care service plan contract or a health insurance policy may become effective without prior written notification of the change to the contractholder or policyholder. Existing law prohibits a plan or insurer during the term of a group plan contract or policy from changing the rate of the premium, copayment, coinsurance, or deductible during specified time periods.

This bill would prohibit a health care service plan or health insurer from altering the rates that apply to individual health care service plan contracts or individual health insurance policies, or altering any benefits

included in individual contracts or policies, more than once each calendar year, except as specified.

Because a willful violation of these requirements by a health care service plan would be a crime, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

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

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

SECTION 1. Section 1374.255 is added to the Health and Safety Code, to read:

1374.255. (a) For purposes of this section, "rate" includes, but is not limited to, premiums, copayments, coinsurance obligations, deductibles, out-of-pocket costs, and any other charges for covered benefits.

(b) Notwithstanding any other provision of law, except as required by changes in state or federal law or as provided in subdivision (c), a health care service plan shall not do either of the following more than once each calendar year:

(1) Alter in any manner the rates that apply to individual plan contracts.

(2) Alter in any manner any benefits included in individual plan contracts.

(c) (1) If an enrollee changes geographic region or family composition, the plan may alter the rates to reflect that change but shall ensure that the change in the rates offered reflects only the change in geographic region or family composition.

(2) If coinsurance obligations are based on a percentage of the cost of services, nothing in this section shall prevent a change in provider rates during the term of the contract even if that change increases the charge for covered benefits to the enrollee.

(d) This section shall not apply to health care service plan contracts issued through a publicly funded state health care coverage program, including, but not limited to, the Medi-Cal

program and the Healthy Families Program, or to Medicare supplement contracts.

(e) This section shall apply only to health care service plan contracts issued, amended, or renewed on or after January 1, 2011.

SEC. 2. Section 10199.49 is added to the Insurance Code, to read:

10199.49. (a) For purposes of this section, "rate" includes, but is not limited to, premiums, copayments, coinsurance obligations, deductibles, out-of-pocket costs, and any other charges for covered benefits.

(b) Notwithstanding any other provision of law, except as required by changes in state or federal law or as provided in subdivision (c), a health insurer shall not do either of the following more than once each calendar year:

(1) Alter in any manner the rates that apply to individual health insurance policies.

(2) Alter in any manner any benefits included in individual health insurance policies.

(c) (1) If an insured changes geographic region or family composition, the health insurance policy may alter the rates to reflect that change but shall ensure that the change in the rates offered reflects only the change in geographic region or family composition.

(2) If coinsurance obligations are based on a percentage of the cost of services, nothing in this section shall prevent a change in ~~health insurance~~ *provider* rates during the term of the policy even if that change increases the charge for covered benefits to the insured.

(d) This section shall not apply to health insurance policies issued through a publicly funded state health care coverage program, including, but not limited to, the Medi-Cal program and the Healthy Families Program, or to Medicare supplement policies.

(e) This section shall apply only to health insurance policies issued, amended, or renewed on or after January 1, 2011.

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

the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

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