ASSEMBLY BILL No. 314

Introduced by Assembly Member Pan

February 12, 2013

An act to add Section 1367.004 to the Health and Safety Code, relating to health care coverage.

LEGISLATIVE COUNSEL'S DIGEST

AB 314, as amended, Pan. Health care coverage: *self-funded* student plans and policies. *plans.*

Existing federal law, the federal Patient Protection and Affordable Care Act (PPACA), enacts various health care coverage market reforms that take effect January 1, 2014. Among other things, PPACA prohibits a health insurance issuer issuing health insurance coverage from establishing lifetime limits or unreasonable annual limits on the dollar value of benefits for any participant or beneficiary, as specified.

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. That act does not apply to a plan directly operated by a bona fide public or private institution of higher learning that directly provides health care services only to its students, faculty, staff, administration, and their respective dependents.

Existing law requires every health care service plan that issues, sells, renews, or offers contracts or policies for health care coverage in this state to comply, to the extent required by federal law, with the

requirements of the above-described provision of PPACA and any rules or regulations issued under that provision.

This bill would prohibit a plan directly operated by a bona fide public or private college or university that directly provides health care services only to its students, faculty, staff, administration, and their respective dependents from establishing an annual limit or a lifetime limit on the dollar value of *essential health* benefits*, as defined,* for any participant or beneficiary. Because a willful violation of these requirements with respect to those plans 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:

1   SECTION 1. Section 1367.004 is added to the Health and
2 Safety Code, to read:
3   1367.004. (a) Notwithstanding Section 1343, a plan directly
4 operated by a public or private college or university that directly
5 provides health care services only to its students, faculty, staff,
6 administration, and their respective dependents shall not establish
7 any of the following:
8   (1) A lifetime limit on the dollar value of *essential health*
9 benefits*, as defined in Section 1367.005,* for any participant or
10 beneficiary.
11   (2) An annual limit on the dollar value of *essential health*
12 benefits*, as defined in Section 1367.005,* for any participant or
13 beneficiary.
14   (b) This section does not establish any other requirements under
15 this chapter upon a plan described in subdivision (a).
16   SEC. 2. No reimbursement is required by this act pursuant to
17 Section 6 of Article XIII B of the California Constitution because
18 the only costs that may be incurred by a local agency or school
19 district will be incurred because this act creates a new crime or
20 infraction, eliminates a crime or infraction, or changes the penalty

1 for a crime or infraction, within the meaning of Section 17556 of
2 the Government Code, or changes the definition of a crime within
3 the meaning of Section 6 of Article XIII B of the California
4 Constitution.

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