

Introduced by Senator LenoFebruary 22, 2013

An act to amend Section 1385.04 of the Health and Safety Code, relating to health care coverage.

LEGISLATIVE COUNSEL'S DIGEST

SB 746, as introduced, Leno. Health care coverage: premium rates.

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 requires health care service plans, for large group plan contracts, at least 60 days in advance of a rate change, to file with the department all specified rate information for unreasonable rate increases and, with that filing, to disclose specified aggregate data.

This bill would instead require the plans to file all specified rate information for rate increases that exceed the Consumer Price Index as published by the United States Bureau of Labor Statistics. The bill would also require a health plan that exclusively contracts with no more than 2 medical groups in the state to disclose the amount of its actual trend experience for the prior contract year by aggregate benefit category, using benefit categories that are, to the maximum extent possible, the same or similar to those used for the individual and small group markets as well as those used by that plan for the individual and small group markets.

Because a willful violation of the bill's requirements 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 1385.04 of the Health and Safety Code
2 is amended to read:

3 1385.04. (a) For large group health care service plan contracts,
4 all health plans shall file with the department at least 60 days prior
5 to implementing any rate change all required rate information for
6 ~~unreasonable~~ rate increases *that exceed the Consumer Price Index*
7 *as published by the United States Bureau of Labor Statistics*. This
8 filing shall be concurrent with the written notice described in
9 subdivision (a) of Section 1374.21.

10 (b) For large group rate filings, health plans shall submit all
11 information that is required by PPACA. A plan shall also submit
12 any other information required pursuant to any regulation adopted
13 by the department to comply with this article.

14 (c) A health care service plan subject to subdivision (a) shall
15 also disclose the following aggregate data for all rate filings
16 submitted under this section in the large group health plan market:

17 (1) Number and percentage of rate filings reviewed by the
18 following:

19 (A) Plan year.

20 (B) Segment type.

21 (C) Product type.

22 (D) Number of subscribers.

23 (E) Number of covered lives affected.

24 (2) The plan's average rate increase by the following categories:

25 (A) Plan year.

26 (B) Segment type.

27 (C) Product type.

28 (3) Any cost containment and quality improvement efforts since
29 the plan's last rate filing for the same category of health benefit
30 plan. To the extent possible, the plan shall describe any significant

1 new health care cost containment and quality improvement efforts
2 and provide an estimate of potential savings together with an
3 estimated cost or savings for the projection period.

4 *(4) A health care service plan that exclusively contracts with*
5 *no more than two medical groups in the state to provide or arrange*
6 *for professional medical services for the enrollees of the plan shall*
7 *disclose both of the following:*

8 *(A) The amount of its actual trend experience for the prior*
9 *contract year by aggregate benefit category, using benefit*
10 *categories that are, to the maximum extent possible, the same or*
11 *similar to those used for the individual and small group markets.*

12 *(B) The amount of its actual trend experience for the prior*
13 *contract year by aggregate benefit category, using benefit*
14 *categories that are, to the maximum extent possible, the same or*
15 *similar to those used by it for the individual and small group*
16 *markets.*

17 (d) The department may require all health care service plans to
18 submit all rate filings to the National Association of Insurance
19 Commissioners' System for Electronic Rate and Form Filing
20 (SERFF). Submission of the required rate filings to SERFF shall
21 be deemed to be filing with the department for purposes of
22 compliance with this section.

23 SEC. 2. No reimbursement is required by this act pursuant to
24 Section 6 of Article XIII B of the California Constitution because
25 the only costs that may be incurred by a local agency or school
26 district will be incurred because this act creates a new crime or
27 infraction, eliminates a crime or infraction, or changes the penalty
28 for a crime or infraction, within the meaning of Section 17556 of
29 the Government Code, or changes the definition of a crime within
30 the meaning of Section 6 of Article XIII B of the California
31 Constitution.