

Introduced by Senator Monning

February 27, 2015

An act to amend Section 1374.21 of the Health and Safety Code, and to amend Section 10199.1 of the Insurance Code, relating to health care coverage.

LEGISLATIVE COUNSEL'S DIGEST

SB 657, as introduced, Monning. Health coverage: 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 also provides for the regulation of health insurers by the Department of Insurance. Existing law regulates the manner in which a plan or insurer makes premium or coverage changes to a contract, including requiring prescribed notice to enrollees and insureds 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) ~~No~~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

1 notice indicating the change or changes at least 60 days prior to
2 the contract renewal effective date.

3 (b) A health care service plan that declines to offer coverage to
4 or denies enrollment for a large group applying for coverage shall,
5 at the time of the denial of coverage, provide the applicant with
6 the specific reason or reasons for the decision in writing, in clear,
7 easily understandable language.

8 SEC. 2. Section 10199.1 of the Insurance Code is amended to
9 read:

10 10199.1. (a) ~~No~~An insurer or nonprofit hospital service plan
11 or administrator acting on its behalf shall *not* terminate a group
12 master policy or contract providing hospital, medical, or surgical
13 benefits, increase premiums or charges therefor, reduce or eliminate
14 benefits thereunder, or restrict eligibility for coverage thereunder
15 without providing prior notice of that action. ~~No such~~ *The* action
16 shall *not* become effective unless written notice of the action was
17 delivered by mail to the last known address of the appropriate
18 insurance producer and the appropriate administrator, if any, at
19 least 45 days prior to the effective date of the action and to the last
20 known address of the group policyholder or group contractholder
21 at least 60 days prior to the effective date of the action. If
22 nonemployee certificate holders or employees of more than one
23 employer are covered under the policy or contract, written notice
24 shall also be delivered by mail to the last known address of each
25 nonemployee certificate holder or affected employer or, if the
26 action does not affect all employees and dependents of one or more
27 employers, to the last known address of each affected employee
28 certificate holder, at least 60 days prior to the effective date of the
29 action.

30 (b) ~~No~~A holder of a master group policy or a master group
31 nonprofit hospital service plan contract or administrator acting on
32 its behalf shall *not* terminate the coverage of, increase premiums
33 or charges for, or reduce or eliminate benefits available to, or
34 restrict eligibility for coverage of a covered person, employer unit,
35 or class of certificate holders covered under the policy or contract
36 for hospital, medical, or surgical benefits without first providing
37 prior notice of the action. ~~No such~~ *The* action shall *not* become
38 effective unless written notice was delivered by mail to the last
39 known address of each affected nonemployee certificate holder or
40 employer, or if the action does not affect all employees and

1 dependents of one or more employers, to the last known address
2 of each affected employee certificate holder, at least 60 days prior
3 to the effective date of the action.

4 (c) A health insurer that declines to offer coverage to or denies
5 enrollment for a large group applying for coverage shall, at the
6 time of the denial of coverage, provide the applicant with the
7 specific reason or reasons for the decision in writing, in clear,
8 easily understandable language.

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