

AMENDED IN SENATE APRIL 21, 2015

SENATE BILL

No. 657

Introduced by Senator Monning
(Coauthor: Senator Jackson)

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.~~ *add Section 712 to the Public Utilities Code, relating to electricity, and declaring the urgency thereof, to take effect immediately.*

LEGISLATIVE COUNSEL'S DIGEST

SB 657, as amended, Monning. ~~Health coverage: contracts.~~ *Diablo Canyon Units 1 and 2: enhanced seismic studies and review: independent peer review panel.*

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations. Existing law authorizes the commission to fix the rates and charges for every public utility, and requires that those rates and charges be just and reasonable. Existing law requires the commission, for purposes of establishing rates for any electrical corporation, to disallow expenses reflecting the direct or indirect costs resulting from any unreasonable error or omission relating to the planning, construction, or operation of any portion of the corporation's plant which cost, or is estimated to have cost, more than \$50,000,000, including any expenses resulting from delays caused by any unreasonable error or omission. For these purposes, "planning" includes activities related to the initial and subsequent assessments of the need for a plant construction project and includes investigation and interpretation of environmental factors such as seismic conditions.

This bill would require the commission to convene, or continue, until January 1, 2025, an independent peer review panel to conduct an independent review of enhanced seismic studies and surveys of the Diablo Canyon Units 1 and 2 powerplant, including the surrounding areas of the facility and areas of nuclear waste storage.

This bill would declare that it is to take effect immediately as an urgency statute.

~~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~~^{2/3}. Appropriation: no. Fiscal committee: ~~no~~^{yes}. State-mandated local program: no.

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

1 SECTION 1. Section 712 is added to the Public Utilities Code,
2 to read:

3 712. (a) *The commission shall convene, or continue, until*
4 *January 1, 2025, an independent peer review panel to conduct an*
5 *independent review of enhanced seismic studies and surveys of*
6 *the Diablo Canyon Units 1 and 2 powerplant, including the*
7 *surrounding areas of the facility and areas of nuclear waste*
8 *storage.*

9 (b) *The independent peer review panel shall contract with the*
10 *Energy Commission, the California Geological Survey of the*
11 *Department of Conservation, the California Coastal Commission,*
12 *the Alfred E. Alquist Seismic Safety Commission, the Office of*
13 *Emergency Services, and the County of San Luis Obispo to*
14 *participate on the panel and provide expertise.*

15 (c) *The independent peer review panel shall review the seismic*
16 *studies and hold public meetings.*

1 (d) *The commission shall make reports by the independent peer*
2 *review panel publicly available on the Internet Web site maintained*
3 *by the commission.*

4 SEC. 2. *This act is an urgency statute necessary for the*
5 *immediate preservation of the public peace, health, or safety within*
6 *the meaning of Article IV of the Constitution and shall go into*
7 *immediate effect. The facts constituting the necessity are:*

8 *The Public Utilities Commission in Decision 10-08-003 (August*
9 *12, 2010) convened an independent peer review panel to review*
10 *the seismic studies conducted on behalf of Pacific Gas and Electric*
11 *Company relative to the Diablo Canyon Units 1 and 2 powerplant.*
12 *The independent peer review panel, in addition to providing*
13 *valuable expertise to the commission in evaluating the seismic*
14 *studies, also operates to assure the public that the seismic studies*
15 *are being performed in an appropriate manner. Because the*
16 *commission's current contracts for the independent peer review*
17 *panel are set to expire on November 30, 2015, the Diablo Canyon*
18 *Units 1 and 2 powerplant is authorized to operate until January*
19 *1, 2025, by the federal Nuclear Regulatory Commission, and there*
20 *continues to be enhanced seismic studies and surveys conducted*
21 *that warrant review by the independent peer review panel to ensure*
22 *the safety of the public, it is necessary that this act take effect*
23 *immediately.*

24 ~~SECTION 1. Section 1374.21 of the Health and Safety Code~~
25 ~~is amended to read:~~

26 ~~1374.21. (a) A change in premium rates or changes in coverage~~
27 ~~stated in a group health care service plan contract shall not become~~
28 ~~effective unless the plan has delivered in writing a notice indicating~~
29 ~~the change or changes at least 60 days prior to the contract renewal~~
30 ~~effective date.~~

31 ~~(b) A health care service plan that declines to offer coverage to~~
32 ~~or denies enrollment for a large group applying for coverage shall,~~
33 ~~at the time of the denial of coverage, provide the applicant with~~
34 ~~the specific reason or reasons for the decision in writing, in clear,~~
35 ~~easily understandable language.~~

36 ~~SEC. 2. Section 10199.1 of the Insurance Code is amended to~~
37 ~~read:~~

38 ~~10199.1. (a) An insurer or nonprofit hospital service plan or~~
39 ~~administrator acting on its behalf shall not terminate a group master~~
40 ~~policy or contract providing hospital, medical, or surgical benefits;~~

1 increase premiums or charges therefor, reduce or eliminate benefits
2 thereunder, or restrict eligibility for coverage thereunder without
3 providing prior notice of that action. The action shall not become
4 effective unless written notice of the action was delivered by mail
5 to the last known address of the appropriate insurance producer
6 and the appropriate administrator, if any, at least 45 days prior to
7 the effective date of the action and to the last known address of
8 the group policyholder or group contractholder at least 60 days
9 prior to the effective date of the action. If nonemployee certificate
10 holders or employees of more than one employer are covered under
11 the policy or contract, written notice shall also be delivered by
12 mail to the last known address of each nonemployee certificate
13 holder or affected employer or, if the action does not affect all
14 employees and dependents of one or more employers, to the last
15 known address of each affected employee certificate holder, at
16 least 60 days prior to the effective date of the action.

17 (b) A holder of a master group policy or a master group
18 nonprofit hospital service plan contract or administrator acting on
19 its behalf shall not terminate the coverage of, increase premiums
20 or charges for, or reduce or eliminate benefits available to, or
21 restrict eligibility for coverage of a covered person, employer unit,
22 or class of certificate holders covered under the policy or contract
23 for hospital, medical, or surgical benefits without first providing
24 prior notice of the action. The action shall not become effective
25 unless written notice was delivered by mail to the last known
26 address of each affected nonemployee certificate holder or
27 employer, or if the action does not affect all employees and
28 dependents of one or more employers, to the last known address
29 of each affected employee certificate holder, at least 60 days prior
30 to the effective date of the action.

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