

ASSEMBLY BILL

No. 3142

Introduced by Assembly Member Granlund

February 23, 1996

An act to amend Section 10198.6 of the Insurance Code, relating to insurance.

LEGISLATIVE COUNSEL'S DIGEST

AB 3142, as introduced, Granlund. Insurance: health coverage.

Existing law limits exclusions for preexisting conditions or late enrollees by a health benefit plan. Under existing law, a health benefit plan is a group or individual policy or contract that provides medical, hospital, and surgical benefits, but does not include accident only, credit, disability income, and certain other forms of coverage.

This bill would also exclude cancer-only and hospital indemnity coverage from the definition of "health benefit plan."

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 10198.6 of the Insurance Code is
2 amended to read:
3 10198.6. For purposes of this article:
4 (a) "Health benefit plan" means any group or
5 individual policy or contract that provides medical,

1 hospital, and surgical benefits. The term does not include
2 accident only, *cancer only*, credit, disability income,
3 *hospital indemnity*, coverage of Medicare services
4 pursuant to contracts with the United States government,
5 Medicare supplement, long-term care insurance, dental,
6 vision, coverage issued as a supplement to liability
7 insurance, insurance arising out of a workers'
8 compensation or similar law, automobile medical
9 payment insurance, or insurance under which benefits
10 are payable with or without regard to fault and that is
11 statutorily required to be contained in any liability
12 insurance policy or equivalent self-insurance.

13 (b) "Late enrollee" means an eligible employee or
14 dependent who has declined health coverage under a
15 health benefit plan offered through employment or
16 sponsored by an employer at the time of the initial
17 enrollment period provided under the terms of the
18 health benefit plan, and who subsequently requests
19 enrollment in a health benefit plan of that employer;
20 provided that the initial enrollment period shall be a
21 period of at least 30 days. However, an eligible employee
22 or dependent shall not be considered a late enrollee if any
23 of the following is applicable:

24 (1) The individual meets all of the following
25 requirements:

26 (A) The individual was covered under another
27 employer health benefit plan at the time the individual
28 was eligible to enroll.

29 (B) The individual certified, at the time of the initial
30 enrollment that coverage under another employer health
31 benefit plan was the reason for declining enrollment
32 provided that, if the individual was covered under
33 another employer health plan, the individual was given
34 the opportunity to make the certification required by this
35 subdivision and was notified that failure to do so could
36 result in later treatment as a late enrollee.

37 (C) The individual has lost or will lose coverage under
38 another employer health benefit plan as a result of
39 termination of employment of the individual or of a
40 person through whom the individual was covered as a



1 dependent, change in employment status of the
2 individual or of a person through whom the individual
3 was covered as a dependent, termination of the other
4 plan's coverage, cessation of an employer's contribution
5 toward an employee or dependent's coverage, death of a
6 person through whom the individual was covered as a
7 dependent, or divorce.

8 (D) The individual requests enrollment within 30 days
9 after termination of coverage, or cessation of employer
10 contribution toward coverage provided under another
11 employer health benefit plan.

12 (2) The individual is employed by an employer that
13 offers multiple health benefit plans and the individual
14 elects a different plan during an open enrollment period.

15 (3) A court has ordered that coverage be provided for
16 a spouse or minor child under a covered employee's
17 health benefit plan and request for enrollment is made
18 within 30 days after issuance of the court order.

19 (4) The carrier cannot produce a written statement
20 from the employer stating that, prior to declining
21 coverage, the individual or the person through whom the
22 individual was eligible to be covered as a dependent was
23 provided with, and signed acknowledgment of, explicit
24 written notice in bold type specifying that failure to elect
25 coverage during the initial enrollment period permits the
26 carrier to impose, at the time of the individual's later
27 decision to elect coverage, an exclusion from coverage for
28 a period of twelve months as well as a six month
29 preexisting condition exclusion, unless the individual
30 meets the criteria specified in ~~paragraphs~~ *paragraph* (1),
31 (2), or (3).

32 (c) "Preexisting condition provision" means a policy
33 provision that excludes coverage for charges or expenses
34 incurred during a specified period following the insured's
35 effective date of coverage, as to a condition for which
36 medical advice, diagnosis, care, or treatment was
37 recommended or received during a specified period
38 immediately preceding the effective date of coverage.

39 (d) "Qualifying prior coverage" means:



1 (1) Any individual or group policy, contract or
2 program, that is written or administered by a disability
3 insurance company, nonprofit hospital service plan,
4 health care service plan, fraternal benefits society,
5 self-insured employer plan, or any other entity, in this
6 state or elsewhere, and that arranges or provides medical,
7 hospital, and surgical coverage not designed to
8 supplement other private or governmental plans. The
9 term includes continuation or conversion coverage but
10 does not include accident only, credit, disability income,
11 Medicare supplement, long-term care insurance, dental,
12 vision, coverage issued as a supplement to liability
13 insurance, insurance arising out of a workers'
14 compensation or similar law, automobile medical
15 payment insurance, or insurance under which benefits
16 are payable with or without regard to fault and that is
17 statutorily required to be contained in any liability
18 insurance policy or equivalent self-insurance.

19 (2) The federal Medicare program pursuant to Title
20 XVIII of the Social Security Act.

21 (3) The medicaid program pursuant to Title XIX of
22 the Social Security Act.

23 (4) Any other publicly sponsored program, provided
24 in this state or elsewhere, of medical, hospital and surgical
25 care.

