Senate Bill No. 260

CHAPTER 845

An act to add Section 100503.4 to the Government Code, to amend Section 1366.50 of the Health and Safety Code, and to amend Section 10786 of the Insurance Code, relating to health care coverage.

[Approved by Governor October 12, 2019. Filed with Secretary of State October 12, 2019.]

LEGISLATIVE COUNSEL'S DIGEST

SB 260, Hurtado. Automatic health care coverage enrollment.

Existing law provides for the Medi-Cal program, which is administered by the State Department of Health Care Services, under which qualified low-income individuals receive health care services. The Medi-Cal program is, in part, governed and funded by federal Medicaid program provisions. Existing state law creates the California Health Benefit Exchange (Exchange), also known as Covered California, to facilitate the enrollment of qualified individuals and qualified small employers in qualified health plans as required under the federal Patient Protection and Affordable Care Act. Existing law requires an entity making eligibility determinations for an insurance affordability program to ensure that an eligible applicant and recipient meets all program eligibility requirements and complies with all necessary requests for information. Under existing law, if an individual is ineligible for an insurance affordability program for a reason other than income eligibility, that individual is to be referred to the county health coverage program in the individual's county of residence.

This bill would require the Exchange, beginning no later than July 1, 2021, to enroll an individual in the lowest cost silver plan or another plan, as specified, upon receiving the individual's electronic account from an insurance affordability program. The bill would require enrollment to occur before coverage through the insurance affordability program is terminated, and would prohibit the premium due date from being sooner than the last day of the first month of enrollment. The bill would require the Exchange to provide an individual who is automatically enrolled in the lowest cost silver plan with a notice that includes specified information, including the individual's right to select another available plan or to not enroll in the plan.

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 provides for the regulation of health insurers by the Department of Insurance. Existing law requires a health care service plan providing individual or group health care coverage or a health insurer to notify an enrollee, subscriber, policyholder, or certificate holder who

ceases to be enrolled in coverage that the individual may be eligible for coverage through the Exchange or Medi-Cal.

This bill would require a health care service plan providing individual or group health care coverage or a health insurer to notify an enrollee, subscriber, policyholder, or certificate holder that the health care service plan or health insurer will provide the individual's contact information to the Exchange if the individual ceases to be enrolled in coverage, and to include a notice that includes specified information, including advising individuals to consider their options carefully if they are eligible for enrollment in the Medicare Program. The bill would allow an individual to opt out of that transfer of information, and would require a health care service plan or health insurer to transfer the information of an individual who ceased to be enrolled in coverage and who did not opt out to the Exchange beginning January 1, 2021, in a manner prescribed by the Exchange. Because the bill would expand the scope of a crime with respect to health care service plans, 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.

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

SECTION 1. Section 100503.4 is added to the Government Code, to read:

100503.4. (a) Upon receipt of an individual's electronic account pursuant to subdivision (h) of Section 15926 of the Welfare and Institutions Code from the insurance affordability program coverage, as specified in subparagraphs (A) and (B) of paragraph (3) of subdivision (a) of Section 15926 of the Welfare and Institutions Code, the Exchange shall use the available information to enroll the individual or individuals in the lowest cost silver plan available, unless the Exchange has information from the county, State Department of Health Care Services, managed care plan, or another plan as determined by the Exchange that enables the Exchange to enroll the individual with the individual's previous managed care plan within the timeframe required by subdivision (b).

(b) Plan enrollment shall occur before the termination date of coverage through the insurance affordability program.

(c) The plan's premium due date shall be no sooner than the last day of the first month of enrollment.

(d) The Exchange shall provide an individual who is enrolled in a plan pursuant to this section with a notice that includes the following information:

(1) The plan in which the individual is enrolled.

(2) The individual's right to select another available plan and any relevant deadlines for that selection.

(3) How to receive assistance to select a plan.

(4) The individual's right not to enroll in the plan.

(5) Information for an individual appealing their previous coverage through an insurance affordability program.

(6) A statement that services received during the first month of enrollment will only be covered by the plan if the premium is paid by the due date.

(e) This section shall be implemented no later than July 1, 2021.

SEC. 2. Section 1366.50 of the Health and Safety Code is amended to read:

1366.50. (a) (1) On and after January 1, 2014, a health care service plan providing individual or group health care coverage shall provide to enrollees or subscribers who cease to be enrolled in coverage a notice informing them that they may be eligible for reduced-cost coverage through the California Health Benefit Exchange (Exchange) established under Title 22 (commencing with Section 100500) of the Government Code or no-cost coverage through Medi-Cal. The notice shall include information on obtaining coverage pursuant to those programs, shall be in no less than 12-point type, and shall be developed by the department, no later than July 1, 2013, in consultation with the Department of Insurance and the Exchange. The notice shall also include information that individuals eligible for the Medicare Program should examine their options carefully, as delaying Medicare enrollment may result in substantial financial implications, as well as information on how to find enrollment advice or assistance.

(2) The notice described in paragraph (1) may be incorporated into or sent simultaneously with and in the same manner as any other notices sent by the health care service plan.

(b) (1) A health care service plan providing individual or group health care coverage shall annually notify an enrollee or subscriber that if the enrollee or subscriber ceases to be enrolled in coverage, the health care service plan will provide information, including the enrollee's or subscriber's name, address, and other contact information, such as email address, to the Exchange so that the enrollee or subscriber may obtain other coverage. An enrollee or subscriber may opt out of this transfer of information to the Exchange. This notice may be incorporated into or sent simultaneously with other notices sent by the health care service plan.

(2) Beginning January 1, 2021, a health care service plan providing individual or group health care coverage that has notified its enrollees or subscribers consistent with paragraph (1) shall provide to the Exchange the name, address, and other contact information of an enrollee or subscriber who ceased to be enrolled in coverage and who did not opt out of the information transfer. The information shall be provided in a manner prescribed by the Exchange.

(3) The Exchange may use any contact method to communicate with and inform an enrollee or subscriber who ceases to be enrolled in coverage of available coverage options.

(c) This section does not apply to a specialized health care service plan contract or a Medicare supplemental plan contract.

SEC. 3. Section 10786 of the Insurance Code is amended to read:

10786. (a) (1) On and after January 1, 2014, a health insurer providing health insurance coverage shall provide to policyholders in individual policies or certificate holders in group policies who cease to be enrolled in coverage a notice informing them that they may be eligible for reduced-cost coverage through the California Health Benefit Exchange (Exchange) established under Title 22 (commencing with Section 100500) of the Government Code or free or low-cost coverage through Medi-Cal. The notice shall include information on obtaining coverage pursuant to those programs, shall be in no less than 12-point type, and shall be developed by the department, no later than July 1, 2013, in consultation with the Department of Managed Health Care and the Exchange. The notice shall also include information that individuals eligible for the Medicare Program should examine their options carefully, as delaying Medicare enrollment may result in substantial financial implications, as well as information on how to find enrollment advice or assistance.

(2) The notice described in paragraph (1) may be incorporated into or sent simultaneously with and in the same manner as any other notices sent by the health insurer.

(b) (1) A health insurer shall annually notify a policyholder or certificate holder that if the policyholder or certificate holder ceases to be enrolled in coverage, the health insurer will provide information, including the policyholder's or certificate holder's name, address, and other contact information, such as email address, to the Exchange so that the policyholder or certificate holder may obtain other coverage. A policyholder or certificate holder may opt out of this transfer of information to the Exchange. This notice may be incorporated into or sent simultaneously with other notices sent by the health insurer.

(2) Beginning January 1, 2021, a health insurer that has notified its policyholders or certificate holders consistent with paragraph (1) shall provide to the Exchange the name, address, and other contact information of a policyholder or certificate holder who ceased to be enrolled in coverage and who did not opt out of the information transfer. The information shall be provided in a manner prescribed by the Exchange.

(3) The Exchange may use any contact method to communicate with and inform a policyholder or certificate holder who ceases to be enrolled in coverage of available coverage options.

(c) This section does not apply to a specialized health insurance policy or a health insurance policy consisting solely of coverage of excepted benefits as described in Section 2722 of the federal Public Health Service Act (42 U.S.C. Sec. 300gg-21).

SEC. 4. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction,

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

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