



## CAHP IMPLEMENTATION GUIDELINE

### AB 2118 (Kalra) Chapter 277, Statutes of 2020

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*As a service to our members, the California Association of Health Plans produces guidelines designed to assist in the interpretation and implementation of new laws, and to promote full compliance with those laws. This document, however, is not intended to be authoritative. Any questions about official interpretations of the law should be directed to the appropriate state regulatory agency such as the Department of Managed Health Care or the Department of Health Care Services, as well as your legal counsel.*

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#### **HEALTH CARE SERVICE PLANS AND HEALTH INSURERS: REPORTING REQUIREMENTS**

##### BACKGROUND

Assembly Bill 2118 was introduced by Assemblymember Ash Kalra (D-San Jose) and sponsored by Health Access California, a statewide health care consumer advocacy organization.

AB 2118 requires health plans, beginning on October 1, 2021, to annually submit specified information including premiums, cost sharing, benefits, enrollment, and trend factors to the Department of Managed Health Care (DMHC) and the California Department of Insurance (CDI) respectively for products sold in the small and individual group markets. This bill also requires the DMHC and CDI, beginning in 2022, to annually present the information required by this bill at the large group rate public meeting, or at any other public meeting deemed appropriate. Lastly, AB 2118 requires health plans and insurers to report specified information, including share of premium paid by enrollee; and, enrollment by benefit design, deductible, or share of premium by January 1, 2023.

CAHP had numerous concerns around the practicality and necessity of this bill. Despite securing several amendments to this bill, CAHP maintained an oppose unless amended position, as the author and sponsors were unwilling to accept our primary amendment request around fully delaying the implementation of this bill. The Department of Finance also weighed in on this bill, noting that the bill included unbudgeted costs to the Managed Care Fund and Insurance Fund. However, this was not enough of a concern for the Department of Finance as they did not take a formal position on the bill.

AB 2118 passed out of the Legislature on a party-line vote, with Republicans voting no on the bill. Despite the numerous policy issues with the bill, the Governor signed AB 2118 on September 29, 2020.

##### REQUIREMENTS

Adds Section 1385.043 to the Health and Safety Code, and adds Section 10181.46 to the Insurance Code, relating to health care coverage.

Specifically, AB 2118 does the following:

- 1) Requires health plans and health insurers, not including a specialized plan or insurer, to annually report specified information for all grandfathered and non-grandfathered individual and small group products, including the following:
  - a) Information on premiums, including share of premium if applicable, average premium weighted by enrollment, and weighted average rate change;
  - b) Cost sharing, including deductibles, maximum out-of-pocket limit, copayments, coinsurance, and any other cost sharing for covered benefits as well as high deductible health plans;
  - c) For nongrandfathered plans/policies benefits, including essential benefits and basic health care services, and for grandfathered plans, basic health care services and mandates;
  - d) Standard and nonstandard benefit designs, including on- and off-Covered California nonstandard benefit designs;
  - e) Enrollment by actuarial value tier, product, benefit design and premiums, including both of the following:
  - f) Enrollment in products with zero deductibles, high deductibles as defined, and deductibles between zero and high;
  - g) Enrollment by premium or for small groups, share of premium, if applicable; and,
  - h) Trend factors as reported in individual and small group rate filings for the health plan or insurer, including both price and utilization, as specified.
- 2) Requires plans and insurers to report no later than October 1, 2021, and annually thereafter, in a form and manner required by DMHC and CDI.
- 3) Requires, beginning in 2022, DMHC and CDI to annually present the information reported under this bill in the large group market public meeting required in existing law or for DMHC only, a meeting of the DMHC, Financial Solvency Standards Board, or authorizes DMHC and CDI to present the information at any other public meeting DMHC or CDI deem appropriate, and post annually on their Internet websites not later than December 15th.
- 4) Defines “average weighted premium by enrollment” as the following:
  - a) For the individual market, the average premium shall be weighted by the number of individual enrollees/insureds in the plan’s or insurer’s individual market and adjusted to the most commonly sold individual market benefit design product, by enrollment, during the 12-month period; and,
  - b) For the small group market, the average premium shall be weighted by the number of enrollees in each small group benefit design in the plan’s or insurer’s small group market and adjusted to the most commonly sold small group benefit design product, by enrollment, during the 12-month period.
- 5) Exempts, until January 1, 2023, a health plan and health insurer from being required to report the following information:
  - a) Share of premium paid by enrollee/insured; and
  - b) Enrollment by benefit design, deductible, or share of premium.

6) Authorizes DMHC to implement, interpret, or make specific its responsibilities under this bill by means of all-plan letters, forms, or similar instructions without taking regulatory action until January 1, 2024.

7) Authorizes the Insurance Commissioner to issue guidance to health insurers regarding compliance with this bill, not subject to the Administrative Procedure Act until January 1, 2024.

#### COMPLIANCE DATES

Plans will be required to submit the prescribed information in the individual and small group rate filings in October 1, 2021 for plan years beginning in 2022. However, the reporting requirements related to the share of premium paid by enrollee, enrollment by benefit design, deductible, or share of premium will be required after January 1, 2023.

#### IMPLEMENTATION ISSUES

Plans will include in rate filings the same information required for the large group market, as specified in Health and Safety Code Section 1385.045. The plans will be required to file this information according to DMHC-issued templates for rate filings for products in the individual and small group market.