



## CAHP IMPLEMENTATION GUIDELINE

### SB 406 (Pan) Chapter 302, 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: OMNIBUS BILL**

##### BACKGROUND

Senate Bill 406 is an omnibus bill introduced by members of the Senate Health Committee. The Committee is chaired by Democratic Senator Richard Pan, a pediatrician from the Sacramento area. As Chair, Senator Pan was the primary author of the measure. CAHP supported the passage of this bill and was joined in support by various consumer, provider and labor groups.

SB 406 contains several different components. A primary component is that it rewrites existing laws implementing provision of the Affordable Care Act in California. Specifically, the bill deals with provisions that require health plan contracts to cover preventive services without cost sharing and prohibit annual and lifetime limits. The bill achieves this by deleting federal statutory citations and replacing those citations with the actual federal provisions that impose those requirements. CAHP and its members initially had concerns with how SB 406 changed the ACA compliance provisions of state law. Among other things, the original version of the language deleted references to federal laws and regulations in state statute. These laws and regulations provided clarity to health plans as they implemented the ACA's preventative services mandates and cost-sharing limitations. Once Senator Pan took amendments suggested by the health plans, CAHP took a support position.

CAHP also supported the provision in SB 406 that extends the operative date of the California Health Benefit Review Program (CHBRP). CHBRP was established in 2002 to respond to legislative requests for independent analyses of the medical, financial, and public health impacts of proposed health insurance benefit mandates. This program allows policymakers to evaluate the potential premium increase for individuals and employers of any new benefit mandates or changes to benefit design. CHBRP is funded through a small but set annual fee on health plans.

SB 406 cleared the Legislature with almost unanimous support.

##### REQUIREMENTS

Amends Sections 11833.05, 103526, 110810, 110840, and 127662 of, amends the heading of Article 7 (commencing with Section 110810) of Chapter 5 of Part 5 of Division 104, and repeals and adds Sections 1367.001, 1367.002, and 127665 of, the Health and Safety Code, repeals and adds Sections

10112.1 and 10112.2 of the Insurance Code, and amends Section 14592 of the Welfare and Institutions Code, relating to health care.

Specifically, SB 406 does the following:

- 1) Deletes references to federal health care laws on annual and lifetime benefit limits and preventive services in health care coverage and instead codifies the provisions in state law, and makes other minor changes and clarifications.
- 2) Specifies enforcement on “recovery residences” (sober living homes) that fail to disclose required information or that provide specified services without a license, and allows the Department of Health Care Services to refer substantiated complaints to enforcement entities under state and federal law.
- 3) Extends for one year the ability of the state or a local registrar to issue vital records through an electronic application.
- 4) Extends the California Health Benefits Review Program sunset from July 1, 2020, to July 1, 2022.

#### COMPLIANCE DATES

The requirements related to health care service plans are existing law.

#### IMPLEMENTATION ISSUES

There should be minimal implementation issues associated with this bill, as the requirements outlined in Section 1: Health and Safety Code section 1367.001 are consistent with existing federal requirements.