

Assembly Bill No. 2530

CHAPTER 695

An act to add Section 100523 to the Government Code, relating to the California Health Benefit Exchange.

[Approved by Governor September 28, 2022. Filed with
Secretary of State September 28, 2022.]

LEGISLATIVE COUNSEL'S DIGEST

AB 2530, Wood. California Health Benefit Exchange: financial assistance.

(1) Existing federal law, the Patient Protection and Affordable Care Act (PPACA), requires each state to establish an American Health Benefit Exchange to facilitate the purchase of qualified health benefit plans by qualified individuals and qualified small employers. 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 PPACA. Under existing regulations, an individual may enroll in a plan through the Exchange in a special enrollment period that is triggered if the individual loses other coverage due to termination of employment or reduction in the number of hours of employment. Existing law requires the Exchange, until January 1, 2023, to administer a program to provide health care coverage financial assistance to California residents with household incomes at or below 600% of the federal poverty level.

This bill, upon appropriation by the Legislature, would require the Exchange to administer a program of financial assistance beginning July 1, 2023, to help Californians obtain and maintain health benefits through the Exchange if they lose employer-provided health care coverage as a result of a labor dispute. Under the bill, if specified eligibility requirements are met, an individual who has lost minimum essential coverage from an employer or joint labor management trust fund as a result of a strike, lockout, or other labor dispute would receive the same premium assistance and cost-sharing reductions as an individual with a household income of 138.1% of the federal poverty level, and, beginning January 1, 2024, would also not pay a deductible for any covered benefit if the standard benefit design for a household income of 138.1% of the federal poverty level has zero deductibles.

(2) The Personal Income Tax Law, in modified conformity with federal law, generally defines "gross income" as income from whatever source derived, except as specifically excluded, and provides various exclusions from gross income for purposes of computing tax liability.

This bill would exclude from gross income any subsidy amount received pursuant to the above-described program of financial assistance.

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

SECTION 1. Section 100523 is added to the Government Code, to read: 100523. (a) Beginning July 1, 2023, the Exchange shall administer a program of financial assistance to help Californians obtain and maintain health benefits through the Exchange if they lose employer-provided health care coverage as a result of a labor dispute.

(1) An individual who has lost minimum essential coverage from an employer or joint labor management trust fund as a result of a strike, lockout, or other labor dispute is a prospective enrollee for purposes of financial assistance, including premium assistance and cost-sharing reduction subsidies, provided that the individual meets all eligibility requirements specified in Section 36B of the Internal Revenue Code and Section 18071 of Title 42 of the United States Code, except for the income requirements of those sections. Any household income of the prospective enrollee above 138.1 percent of the federal poverty level for a family of the prospective enrollee's size shall not be taken into account for the prospective enrollee and the members of their tax household. Consistent with existing federal law and rules, an individual shall be screened for eligibility for the federal Medicaid program.

(2) An individual described in paragraph (1) shall receive subsidies for health insurance premiums and cost-sharing reductions that provide the same assistance that is provided to other individuals with incomes of 138.1 percent of the federal poverty level who qualify for financial assistance through the Exchange. The cost-sharing reductions shall use a standard benefit design that has an actuarial value of 94 percent or greater, and, effective January 1, 2024, the program design shall have zero deductibles for any covered benefit if the standard benefit design for this income has zero deductibles.

(3) The modified adjusted gross income or household income of an individual described in paragraph (1) shall not be calculated to include strike benefits, lockout benefits, or unemployment compensation.

(b) (1) To receive financial assistance pursuant to this section, an individual shall provide a self-attestation regarding the loss of minimum essential coverage as a result of a dispute. If further documentation is required, the Exchange shall contact the affected collective bargaining agent and may contact the employer.

(2) Notwithstanding Sections 1399.848 and 1399.849 of the Health and Safety Code, and Sections 10965.3 and 10965.4 of the Insurance Code, the effective date of coverage shall be the date of the completed application or a later date, at the discretion of the enrollee.

(c) The Exchange, on a monthly basis, shall notify an enrollee receiving financial assistance pursuant to this section that the enrollee is required to notify the Exchange if their household income changes or minimum essential coverage provided by the enrollee's employer is reinstated. The notice shall include information on the potential state and federal income tax

consequences of any amount received as a subsidy provided under this section.

(d) (1) The Exchange shall maximize federal affordability assistance for an individual enrolled pursuant to this section and shall use state affordability assistance funds for financial assistance not otherwise available under federal law.

(2) Financial assistance provided pursuant to this section shall be funded upon appropriation by the Legislature.

(e) Gross income, as defined in Section 17071 of the Revenue and Taxation Code, does not include any amount received as a state subsidy provided under this section.

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