

CALIFORNIA LEGISLATIVE UPDATE FOR BILLS RELATED TO HEALTH AND DISABILITY INSURANCE

There were a significant number of bills related to health and disability insurance that made it to Governor Jerry Brown's desk this year. The Governor's deadline for signing these bills was October 13, 2013, and following are summaries of the bills which he signed in the last month. Unless otherwise noted, these bills go into effect on January 1, 2014.

HEALTH COVERAGE

SB 126 – Health Care Coverage: Developmental Disorder or Autism

This law will extend the operation of existing law that requires most fully-insured health care service plan contracts and health insurance policies to provide coverage for behavioral health treatment for pervasive developmental disorder or autism. The autism coverage mandate was set to expire on July 1, 2014. The new law extends its operation until January 1, 2017. For more details on this mandate, see Keenan's October 2011 *Briefing*, "New Law Requires Insurance Carriers to Cover Certain Autism Treatments", at:

http://www.keenan.com/news/brief/2011/BRF_20111024_AutismLeg_KA.pdf

AB 460 – Health Care Coverage: Infertility

California law already requires group health carriers to offer coverage under group contracts for the treatment of infertility, except in vitro fertilization, under those terms and conditions as may be agreed upon between the group subscriber and the carrier. This is not a requirement to cover infertility services, but a requirement that carriers offer that coverage as an option to group customers. AB 460 will require that if the group purchases infertility coverage, such coverage must be provided without discrimination on the basis of age, ancestry, color, disability, domestic partner status, gender, gender expression, gender identity, genetic information, marital status, national origin, race, religion, sex, or sexual orientation. The likely effect will be to make infertility coverage somewhat more available to people who are insured under plans that cover infertility treatment.

SB 639 – Health Care Coverage

This bill codifies in state law certain aspects of the Affordable Care Act (ACA), including the ACA limits on out-of-pocket expenses for non-grandfathered plans. It sets in state law the metal tiers of non-grandfathered coverage in the individual and small group markets (i.e., bronze, silver, gold and platinum) established by the ACA and sets a methodology for determining the actuarial value of non-grandfathered individual and small group plans. It limits the marketing of catastrophic plans in the individual market. It also requires plans that cover emergency services to cover them without the need for prior authorization and with the same cost-sharing for out-of-network treatment as for in-network.

SB 353 – Health Care Coverage: Language Assistance

An earlier law, SB 853 (Chapter 713, Statutes of 2003), required health carriers to provide language assistance services, including certain translation and interpretation services, to certain non-English-speaking members. Under SB 853, plans must provide translation services for their identified threshold languages as determined by the periodic enrollee assessment and translate specified documents. This new law will require the translation of specified documents by trained and qualified translators when a carrier or any other person or business markets or advertises health insurance products in the individual or small group markets in a non-English language that is not a threshold language under SB 853.

DISABILITY INCOME INSURANCE

AB 402 – Disability Income Insurance: Mental Illness

This bill requires every short-term disability income policy with a duration of two years or less that is issued, amended, or reviewed on or after July 1, 2014, to provide coverage for disability caused by severe mental illnesses (including schizophrenia, schizoaffective disorder, bipolar disorder, major depressive disorders, panic disorder, OCD, PDD/Autism, anorexia and bulimia.)

CONFIDENTIALITY OF MEDICAL INFORMATION

SB 138 – Confidentiality of Medical Information

This law is intended to incorporate the Health Insurance Portability and Accountability Act (HIPAA) standards into state law and to clarify the standards for protecting the confidentiality of medical information in insurance transactions. It requires health carriers to take a number of steps to protect the confidentiality of an insured's medical information, including accommodating requests for confidential communication relating to receipt of sensitive services or where disclosure could endanger the insured. It also prohibits a carrier from conditioning enrollment or coverage on the waiver of the confidentiality rights provided for in the law. This law goes into effect on January 1, 2015.

MILITARY SERVICE: BENEFITS

AB 526 – Military Service: Benefits

Existing law requires any employer that was providing health care coverage to a member of the United States Military Reserve or National Guard who is called to active duty as a result of the Iraq or Afghanistan conflicts to reinstate the health care coverage upon the employee's return without waiting periods or exclusion of coverage for preexisting conditions. AB 526 extends this requirement to a reservist called to any full-time active federal duty as well as the reservist's spouse and legal dependents.

PRESCRIPTIONS

AB 219 – Health Care Coverage: Cancer Treatment

Beginning on January 1, 2015, this law will limit the total amount of copayments and coinsurance a member in a fully insured plan is required to pay for orally administered anticancer medications to \$200 for an individual

prescription of up to a 30-day supply. For high-deductible plans, the limit will apply only after the member's deductible has been met for the year. The \$200 limit will be adjusted in accordance with the Consumer Price Index (CPI) annually thereafter. The law sunsets on January 1, 2019.

SELF-FUNDED PLANS

SB 161 – Stop-loss Insurance Coverage

SB 161 will require all stop-loss policies issued to small self-insured employers on or after January 1, 2016 to have minimum attachment points as follows: (1) individual attachment point of \$40,000 or greater; and (2) aggregate attachment point of the greater of: \$5,000 times the total number of group members, 120% of expected claims, or \$40,000. The new law exempts small employer stop-loss insurance issued prior to September 1, 2013, from these attachment point requirements. This law will also require stop-loss carriers to offer coverage to all employees and dependents of a small employer to which it issues a stop-loss insurance policy. It will prohibit the stop-loss carrier from excluding any employee or dependent on the basis of actual or expected health status-related factors. It will require a stop-loss carrier to renew, at the option of the small employer, all stop-loss insurance policies.

FAMILY LEAVE

SB 770 – Unemployment Compensation: Disability Benefits: Paid Family Leave

This is an expansion of the definition of a family under California's Paid Family Leave law. Since the enactment of the California Paid Family Leave (PFL) program in 2004, California employees subject to State Disability Insurance (SDI) have been eligible for up to six (6) weeks of wage replacement benefits when they take time off to care for seriously ill family members (i.e., children, spouses, parents or domestic partners). Beginning on July 1, 2014, qualifying employees will also be eligible for six (6) weeks of wage replacement benefits when they take time off to care for a seriously ill grandparent, grandchild, sibling or parent-in-law. This bill does not amend the California Family Rights Act (CFRA) which requires employers to allow an employee to take up to 12 weeks of unpaid leave to care for a seriously ill child, spouse, parent or domestic partner.

Please contact your Keenan account representative for questions regarding this *Briefing* or if you require any additional information regarding how these new laws may impact your benefits programs.

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