HEALTH AND SAFETY CODE - HSC

DIVISION 106. PERSONAL HEALTH CARE (INCLUDING MATERNAL, CHILD, AND ADOLESCENT) [123100 - 125850] *(Division 106 added by Stats. 1995, Ch. 415, Sec. 8.)*

PART 1. GENERAL ADMINISTRATION [123100 - 123223] *(Part 1 added by Stats. 1995, Ch. 415, Sec. 8.)*

CHAPTER 3. Catastrophic Health Insurance [123175 - 123220] *(Chapter 3 added by Stats. 1995, Ch. 415, Sec. 8.)*

123175. The Legislature finds and declares as follows:

(a) A catastrophic illness or injury may financially devastate an individual or the family of that individual because of extraordinary medical expenses. It is vitally necessary to the public health and welfare of the State of California that:

(1) Its residents not be burdened with those financial costs. Most health insurance policies contain a monetary limitation on the amount of money that can be expended on a particular illness or individual, leaving any balance to be paid by the patient. The state has enacted this chapter to promote the availability of additional insurance to help pay extensive medical costs.

(2) The state government not be financially burdened by residents who may become indigent due to these catastrophic health costs.

(b) It is the intent of the Legislature in enacting this chapter to institute a program to inform state residents of the need for catastrophic health insurance, and to make this insurance available to residents through an independent insurer at no cost or liability to the state.

(Added by Stats. 1995, Ch. 415, Sec. 8. Effective January 1, 1996.)

123180. As used in this chapter:

(a) “Catastrophic health insurance” means a supplementary insurance contract that indemnifies a California resident for medical expenses, including at least the costs of the basic health care services that result from an illness, injury, or disease, and that are greater than fifty thousand dollars ($50,000), subject to a lifetime benefit limit of one million dollars ($1,000,000).

(b) “Resident” means any individual who lives in California for at least 90 consecutive days.

(c) “Insurer” as used in this chapter includes a disability insurer that covers hospital, medical, or surgical expenses, and a nonprofit hospital service plan.

(d) “Basic health care services” includes, but is not limited to, the following:

(1) Inpatient hospital treatment, including room and board, general nursing services, diagnostic tests, supplies, and other medically necessary services.

(2) Outpatient services for surgery, presurgical diagnostic tests, emergency care, and chemotherapy.

(3) Surgery and anesthesia.

(4) Hospital and office visits and consultations.

(5) X-rays and laboratory tests; allergy tests, injections, and sera.

(6) Maternity care for the subscriber or enrolled spouse.

(7) Psychotherapy.

(8) Chemotherapy and radiation therapy.

(9) Physical, speech, occupational and respiratory therapies.

(10) Prescription drugs.

(11) Prostheses and durable medical equipment, such as artificial limbs, hospital beds, and wheelchairs.

(12) Cardiac rehabilitation program.

(13) Local ambulance service.

(14) Alcohol and drug abuse rehabilitation.

(15) Rehabilitative care.

(16) Outpatient skilled nursing care (up to two hours per day for up to 50 days per calendar year).

(17) Home health care and hospice services provided by an approved home health agency or hospice agency.

(Added by Stats. 1995, Ch. 415, Sec. 8. Effective January 1, 1996.)

123185. The director shall, in consultation with, and approval of the Department of Insurance, do all of the following:

(a) Contract with an insurer or insurers to provide any resident catastrophic health insurance.

(b) Inform residents of the availability of catastrophic health insurance.

(c) Provide oversight for all contract obligations of the insurer.

(d) Approve all advertising and marketing materials used by an insurer in connection with catastrophic health insurance provided under this chapter in order to ensure accuracy and fairness. The advertising standards used shall be those set out in Section 1360.

(e) Determine the cost of the oversight function and make provisions to cover all administrative costs.

(Added by Stats. 1995, Ch. 415, Sec. 8. Effective January 1, 1996.)

123190. The director may appoint a full-time employee, and other staff as required, to implement this chapter.

(Added by Stats. 1995, Ch. 415, Sec. 8. Effective January 1, 1996.)

123195. (a) A contract provided for by this chapter shall not be required to cover a preexisting medical condition of the resident during the first 10 months the resident is covered by catastrophic health insurance provided under this chapter. Charges for a preexisting condition shall not apply toward the deductible during the first 10 months of coverage. Charges for other conditions during that initial period shall apply toward the deductible.

(b) The contract shall also prohibit the insurer from discriminating against prospective insureds in their underwriting practices on the basis of demographic factors, such as age, or preexisting medical conditions.

(Added by Stats. 1995, Ch. 415, Sec. 8. Effective January 1, 1996.)

123200. The state is not liable in any way for any claims arising out of an arrangement for insurance established under this chapter. The insurer shall bear the cost of all claims, and shall indemnify the state against all claims and the cost of defending against all claims in connection with an arrangement for catastrophic health insurance established under this chapter.

(Added by Stats. 1995, Ch. 415, Sec. 8. Effective January 1, 1996.)

123205. The director shall enter into contracts pursuant to subdivision (a) of Section 123185 only with insurers that meet all of the following criteria, as determined by the director:

(a) The insurer shall be actuarially sound.

(b) The insurer shall be fully self-supported by its policy premiums or charges and investments.

(c) The insurer shall use advertising that is accurate.

(Added by Stats. 1995, Ch. 415, Sec. 8. Effective January 1, 1996.)

123210. (a) The term of any contract entered into pursuant to subdivision (a) of Section 123185 shall be determined by the director, but shall not exceed three years.

(b) The contract shall contain a provision authorizing the director to terminate the contract upon giving 60 days' written notice to the insurer of any of the following causes for termination:

(1) The department has determined that management practices of the insurer or the current financial condition of the insurer interferes with the efficient and timely payment of catastrophic health insurance benefits.

(2) Continuing failure of the insurer to timely pay the benefits of its policies of catastrophic health insurance or provide catastrophic health insurance services in accordance with the contract.

(3) Other continuing unsatisfactory performance by the insurer under the contract, based upon complaints received from insureds or other sources, if the insurer has failed to take reasonable, effective, and prompt actions to resolve the complaints.

(c) The contract shall contain a provision authorizing the director to terminate the contract without cause upon any annual anniversary date of the contract by giving at least 60 days' notice to the insurer.

(d) The director may give up to 120 days' notice to terminate if it is determined to be in the best interest of plan participants.

(e) The director shall annually certify that participating providers meet the conditions of the program. In carrying out this requirement, the director shall consult with the Department of Insurance to obtain any audits performed by those agencies that may be used in evaluating the performance of each provider.

(Added by Stats. 1995, Ch. 415, Sec. 8. Effective January 1, 1996.)

123215. Premiums or charges paid for catastrophic health insurance provided pursuant to this chapter shall include an increment to defray the reasonable administrative costs of the department in administering this chapter that shall be transmitted by insurers to the department as provided in the contract.

(Added by Stats. 1995, Ch. 415, Sec. 8. Effective January 1, 1996.)

123220. If studies or research demonstrate that it is in the best interest of the program, the director may adopt regulations setting forth modifications to the coverage provided under the program. No modification shall apply to any coverage provided by a policy or contract issued prior to the operative date of the regulation, except that the modification shall apply to coverage provided after any renewal of the policy or contract occurring after the operative date of the regulation.

(Added by Stats. 1995, Ch. 415, Sec. 8. Effective January 1, 1996.)