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**SB-923 Health care coverage: cost-sharing changes.** (2015-2016)

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**Senate Bill No. 923**

**CHAPTER 192**

An act to add Section 1374.255 to the Health and Safety Code, and to add Section 10199.49 to the Insurance Code, relating to health care coverage.

[ Approved by Governor August 25, 2016. Filed with Secretary of State August 25, 2016. ]

**LEGISLATIVE COUNSEL'S DIGEST**

SB 923, Hernandez. Health care coverage: cost-sharing changes.

Existing law, the Knox-Keene Health Care Service Plan Act of 1975, provides for the licensure and regulation of health care service plans by the Department of Managed Health Care and makes a willful violation of the act a crime. Existing law provides for the regulation of health insurers by the Department of Insurance. Existing law prohibits, except as specified, a health care service plan or a health insurer, with regard to a group contract or policy, from changing the premium rates or applicable copayments or coinsurances or deductibles during the term of a group plan contract or policy during specified time periods.

This bill would prohibit, for grandfathered plan contracts and policies and nongrandfathered plan contracts and policies in the individual and small group markets, a health care service plan contract or health insurance policy that is issued, amended, or renewed on or after January 1, 2017, from changing the cost-sharing design, as defined, during the plan year or policy year, except when required by state or federal law. Because a willful violation of this prohibition by a health care service plan would be a crime, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: yes

**THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:**

**SECTION 1.** Section 1374.255 is added to the Health and Safety Code, to read:

**1374.255.** (a) This section shall apply to grandfathered health care service plan contracts and nongrandfathered health care service plan contracts in the individual or small group markets that are issued, amended, or renewed on or after January 1, 2017.

(b) Notwithstanding paragraph (1) of subdivision (b) of Section 1374.20, a health care service plan contract shall not change the cost-sharing design during the plan year, except when required by state or federal law.

(c) For purposes of this section, the following definitions shall apply:

(1) "Cost sharing" includes any copayment, coinsurance, deductible, or any other form of cost sharing by the enrollee other than the premium or share of premium.

(2) "Plan year" has the meaning set forth in Section 144.103 of Title 45 of the Code of Federal Regulations. For nongrandfathered health care service plan contracts in the individual market, "plan year" means the calendar year.

(3) "Cost-sharing design" means the amount or proportion of cost sharing applied to a covered benefit.

**SEC. 2.** Section 10199.49 is added to the Insurance Code, immediately following Section 10199.48, to read:

**10199.49.** (a) This section shall apply to grandfathered health insurance policies and nongrandfathered health insurance policies in the individual or small group markets that are issued, amended, or renewed on or after January 1, 2017.

(b) Notwithstanding paragraph (1) of subdivision (b) of Section 10199.48, a health insurance policy shall not change the cost-sharing design during the policy year, except when required by state or federal law.

(c) For purposes of this section, the following definitions shall apply:

(1) "Cost sharing" includes any copayment, coinsurance, deductible, or any other form of cost sharing by the insured other than the premium or share of premium.

(2) "Policy year" has the meaning set forth in Section 144.103 of Title 45 of the Code of Federal Regulations. For nongrandfathered health insurance policies in the individual market, "policy year" means the calendar year.

(3) "Cost-sharing design" means the amount or proportion of cost sharing applied to a covered benefit.

**SEC. 3.** No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.