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AB-1823 Student health insurance. (2021-2022)

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Assembly Bill No. 1823

CHAPTER 688

An act to add Section 10965.03 to the Insurance Code, relating to health insurance.

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

LEGISLATIVE COUNSEL'S DIGEST

AB 1823, Bryan. Student health insurance.

Existing law provides for the regulation of disability insurers by the Department of Insurance. Under existing law, disability insurance includes health insurance and blanket disability insurance that covers hospital, medical, or surgical benefits. Existing law requires, among other things, a health insurer to offer, market, and sell all of its health benefit plans to all individuals and dependents in each service area in which the insurer provides health care services, and requires all individual health benefit plans to be renewable, as specified. Existing law also requires a health insurer to establish specified enrollment periods and to provide specified levels of insurance coverage. Under existing law, a health insurer is required to consider the claims experience of all insureds and enrollees as a single risk pool for rating purposes in the individual market.

This bill, for policy years beginning on or after January 1, 2024, would require student health insurance coverage, as defined, to be considered individual health insurance coverage. The bill would define student health insurance coverage as a blanket disability policy provided to students enrolled in an institution of higher education and to their dependents, that covers hospital, medical, or surgical benefits. The bill, except as specified, would require a blanket disability insurance policy that meets the definition of student health insurance coverage to comply with insurance provisions that are applicable to nongrandfathered individual health insurance, including, among others, essential health benefits requirements and annual limits on out-of-pocket expenses. The bill would exempt student health insurance coverage from certain requirements otherwise applicable to health insurers and health benefit plans, including the establishment of specified enrollment periods, guaranteed availability and renewability, specified coverage level requirements, and single risk pool rating requirements. The bill would require a notice be provided in the student health insurance enrollment materials informing a student, or dependent of a student, of the requirement that California residents and their dependents obtain health coverage and various options to meet this requirement.

Existing law prohibits the alteration of any written application for any disability policy by any person other than the applicant without the applicant's consent, except as specified. Under existing law, the making of any other alteration without the consent of the applicant is a misdemeanor.

This bill would subject student health insurance coverage to this prohibition. Because this bill would expand the application of an existing crime, it 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. (a) The Legislature finds and declares all of the following:

(1) The University of California self-funds its student health insurance at most of the University of California campuses through the University of California Student Health Insurance Plan (UC SHIP). Self-funded student health insurance plans are not subject to the federal Patient Protection and Affordable Care Act (Public Law 111-148) (Affordable Care Act) and federal regulations that apply to a fully insured student health insurance product.

(2) According to the University of California, for the upcoming 2022–23 plan year, the coverage offered by UC SHIP includes:

(A) Guaranteed coverage to all students with no waiting periods or exclusions of preexisting conditions.

(B) One hundred percent coverage of preventive care services, including preventive health services for women as defined in the Affordable Care Act (Section 2713 of the federal Public Health Service Act) and its implementing regulations (Part 147 of Title 45 of the Code of Federal Regulations).

(C) Coverage of all essential health benefits, as defined in the Affordable Care Act and its implementing regulations and Sections 10112.27 and 10112.28 of the Insurance Code.

(3) Furthermore, the University of California indicates that for the upcoming 2022–23 plan year, the coverage offered by UC SHIP:

(A) Provides essential health benefits as required by Section 10112.27 of the Insurance Code.

(B) Uses rating factors consistent with Section 10965.9 of the Insurance Code.

(C) Applies an annual limit on maximum out-of-pocket expenses as required by Section 10112.28 of the Insurance Code.

(D) Complies with the prohibition against annual and lifetime limits pursuant to Section 10112.1 of the Insurance Code.

(b) It is the intent of the Legislature to encourage self-funded student health coverage offered by the University of California Student Health Insurance Plan and the University of California Voluntary Dependent Plan to maintain or exceed coverage standards of the Affordable Care Act and to comply with the provisions of this act. All other student health coverage offered by an institution of higher education in California shall comply with the provisions of this act.

SEC. 2. Section 10965.03 is added to the Insurance Code, to read:

10965.03. (a) For policy years beginning on or after January 1, 2024, a blanket disability insurance policy that meets the definition of student health insurance coverage as set forth in this section shall be considered individual health insurance coverage for purposes of subdivision (b) of Section 106.

(b) “Student health insurance coverage” is a blanket disability policy under paragraph (2) of subdivision (a) of Section 10270.2, that covers hospital, medical, or surgical benefits, that is provided pursuant to a written agreement between an institution of higher education, as defined in the federal Higher Education Act of 1965, and a disability insurance issuer, and provided to students enrolled in that institution of higher education and their dependents, that meets all of the following conditions:

(1) Does not make coverage available other than in connection with enrollment as a student, or as a dependent of a student, in the institution of higher education.

(2) Does not condition eligibility for the insurance coverage on any health status-related factor relating to a student or a dependent of a student.

(3) Does not condition eligibility, an offer, issuance, a sale, or a renewal for the insurance coverage on any factor other than enrollment as a student or dependent of a student in the institution of higher education.

(c) (1) Except as otherwise expressly provided in this section, a blanket disability insurance policy that meets the definition of student health insurance coverage shall comply with the provisions of this code that are applicable to nongrandfathered individual health insurance, including, but not limited to, essential health benefits requirements as set forth in Section 10112.27, rating factors consistent with Section 10965.9, the annual limit on maximum out-of-pocket expenses as set forth in Section 10112.28, the prohibition against annual and lifetime limits pursuant to Section 10112.1, and all rules and regulations issued thereunder.

(2) Any reference to the insured in a blanket disability insurance policy that meets the definition of student health insurance coverage shall also refer to the individual students and dependents insured under those policies.

(3) For the purposes of applying Sections 10123.81, 10123.84, 10123.87, 10123.135, 10123.194, 10278, 10354, 10965, and 10965.3 to student health insurance coverage, any reference to the policyholder shall also refer to the individual students.

(d) A student, or dependent of a student, shall not be required to purchase a blanket disability insurance policy if they have minimum essential coverage that meets the requirements of the Minimum Essential Coverage Individual Mandate pursuant to Section 100705 of the Government Code.

(e) The following provisions apply to student health insurance coverage:

(1) Student health insurance coverage is exempt from laws requiring guaranteed availability or guaranteed renewability, as follows:

(A) Subdivision (f) of Section 10273.6 applies if the basis of student health insurance coverage is enrollment in the institution of higher education and an individual's enrollment in the institution ceases.

(B) For purposes of Sections 10965.3 and 10965.4, a disability insurance issuer that offers student health insurance coverage is not required to accept individuals who are not students or dependents of students in that coverage. Notwithstanding the requirements of subdivisions (a) and (c) of Section 10965.3 and Section 10965.4, a disability insurance issuer that offers student health insurance coverage is not required to establish open enrollment periods or coverage effective dates that are based on a calendar policy year or to offer policies on a calendar year basis.

(C) For purposes of Sections 10273.6 and 10965.7, a disability insurance issuer that offers student health insurance coverage is not required to renew or continue in force coverage for individuals who are no longer students or dependents of students. To the extent the institution of higher education opts to renew the student health insurance policy, student health insurance coverage shall be renewable with respect to all eligible students or dependents of students at the option of the student.

(2) The requirement to provide a specific level of coverage described in Sections 10112.3 and 10112.295 does not apply to student health insurance coverage. However, the benefits provided by that coverage shall provide at least 60 percent actuarial value, as calculated in accordance with Section 10112.295. The issuer shall specify in any plan materials summarizing the terms of the coverage the actuarial value and level of coverage, or the next lowest level of coverage, and how the coverage would otherwise satisfy requirements under Sections 10112.295 and 10112.296.

(3) Student health insurance coverage is not subject to the requirements of subdivision (h) of Section 10965.3. A health insurance issuer that offers student health insurance coverage may establish one or more separate risk pools for an institution of higher education if the distinction between or among groups of students or dependents of students who form the risk pool is based on a bona fide school-related classification and not based on a health factor. However, student health insurance rates shall reflect the claims experience of individuals who comprise the risk pool, and any adjustments to rates within a risk pool shall be actuarially justified.

(4) Student health insurance coverage shall not be required to comply with nongrandfathered individual health insurance rate review, but shall be subject to the nongrandfathered large group market rate review requirements pursuant to Article 4.7 (commencing with Section 10181) of Chapter 1, with the exception of paragraph (2) of subdivision (b) of Section 10181 and Section 10181.4. If the department determines that a rate is unreasonable or not justified consistent with Article 4.7 (commencing with Section 10181) of Chapter 1, the insurer shall notify the policyholder of this decision.

(5) For purposes of subdivision (c) of Section 10113.9, the notification shall be provided to a student certificate holder in addition to the policyholder.

(6) Student health insurance coverage shall be subject to the requirements of subdivisions (b) and (c) of Section 10270.3, Section 10290, paragraph (1) of subdivision (b) of Section 10291.5, and Section 10382.

(f) Each of the following shall not apply to student health insurance coverage:

(1) (A) Subdivision (d) of Section 10965.9.

(B) The rating period, instead, is the policy year for which premium rates are established for student health insurance coverage.

(C) The premium rate for student health insurance coverage shall not vary during the rating period.

(2) Sections 2236.1, 2236.3, 2236.4, 2236.5, and 2236.6 of Article 4 of Subchapter 2 of Chapter 5 of Title 10 of the California Code of Regulations.

(3) Subdivision (a) of Section 10270.3.

(4) Subdivision (a) of Section 10144.4.

(5) Subdivisions (a) to (e), inclusive, of Section 10277.

(6) Section 10278 for dependents under 26 years of age.

(7) Subdivisions (g) and (j) of Section 10965.

(8) Subdivisions (a), (c), and (e) of, paragraphs (1) to (3), inclusive, of subdivision (f) of, and subdivision (h) of, Section 10965.3.

(g) (1) The following notice shall be provided in the student health insurance enrollment materials provided to a student or a dependent of a student:

California requires residents and their dependents to obtain, and maintain, health coverage or pay a penalty, unless they qualify for an exemption. Enrolling in student health insurance offered by the college or university you are attending is one way to meet this requirement.

You may be eligible to get free or low-cost health coverage through Medi-Cal regardless of immigration status. In addition, you may be eligible for free or low-cost health coverage through Covered California. Visit Covered California at www.coveredca.com to learn about health coverage options that are available for you and your dependents, and how you might qualify to get financial assistance with the cost of coverage.

If you are under 26 years of age, you may be eligible for coverage as a dependent in a group health plan of your parent's employer or under your parents' individual market coverage. In addition, you may be eligible to buy individual health insurance directly from a health insurer or health plan, regardless of immigration status.

Please examine your options carefully to see if other options are more affordable and whether you are currently eligible to enroll in these other forms of coverage pursuant to an open or special enrollment period.

(2) The notice shall be prominently displayed in clear, conspicuous, 14-point bold type.

(3) In addition to the enrollment materials, the notice also may be provided on the internet website of the institution of higher education.

(h) (1) A "student administrative health fee" is a fee charged by the institution of higher education on a periodic basis to students of the institution of higher education to offset the cost of providing health care through health clinics regardless of whether the students utilize the health clinics or enroll in student health insurance coverage.

(2) Notwithstanding the requirements under Section 10112.2, a student administrative health fee is not considered a cost-sharing requirement with respect to specified recommended preventive services.

(i) A "health factor" means, in relation to an individual, any of the following health status-related factors:

(1) Health status.

(2) Medical condition, including both physical and mental illnesses.

(3) Claims experience.

(4) Receipt of health care.

(5) Medical history.

(6) Genetic information.

(7) Evidence of insurability, including conditions arising out of acts of domestic violence.

(8) Disability.

(9) Any other health status-related factor as determined by any federal regulation, rule, or guidance issued pursuant to Section 2705 of the federal Public Health Service Act (42 U.S.C. Sec. 300gg-26).

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.