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Title 28@ Managed Health Care

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Division 1@ The Department of Managed Health Care

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Chapter 2@ Health Care Service Plans

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Article 7@ Standards

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Section 1300.67.4@ Subscriber and Group Contracts

1300.67.4 Subscriber and Group Contracts

(a)

All subscriber and group contracts and endorsements and amendments shall be printed legibly in not less than 8-point type and shall include at least the following:

(1) The information required to be included on disclosure forms by Section 1363(a) of the Code and (A) the information required to be included on disclosure forms by Section 1300.63 (except subsections (2), (3), (4) and (11) of subsection (b) thereof), and required to be included on evidences of coverage by subsections (b)(2) and (c) (except subsection (16) thereof) of Section 1300.63.1, or (B) if the plan complies with the provisions of Section 1300.63.2, the information required to be included on combined evidences of coverage and disclosure forms by Section 1300.63.2 (except subsections (1) and (4) of subsection (b) and subsections (2), (25), and (27) of subsection (c) thereof). (2) Definitions of all terms contained in the contract. (A) Which are defined by the Act or Chapter 1 of Title 28 of the California Code of Regulations, (B) Which are any of the following: "pre-existing condition," "guaranteed renewable," or "non-cancellable," or, (C) Which require definition in order to be understood by a reasonable person not possessing special knowledge of law, medicine, or plans; (D) Which specifically describes the eligibility of persons as subscribers or enrollees. (3) Appropriate captions, in boldface type, for the following provisions: limitations, exclusions, exceptions, reductions, deductibles, copayments and other

provisions which may decrease or limit benefits to, or increase costs of, any subscriber or enrollee; (A) A benefit afforded by the contract shall not be subject to any limitation, exclusion, exception, reduction, deductible, or copayment which renders the benefit illusory. (4) In the same section describing any particular benefit(s), any provisions described in (3) above which are applicable only to any such particular benefit(s); (5) Provisions relating to cancellation under an appropriate caption, in boldface type, which provisions shall include: (A) A statement of the bases for cancellation, which shall conform to Section 1365(a) of the Act and these rules; (B) A statement of the opportunity for review of certain cancellations by the Director as provided in Section 1365(b) of the Code; (C) A statement that, in the event of cancellation by either the plan (except in the case of fraud or deception in the use of services or facilities of the plan or knowingly permitting such fraud or deception by another) or the other party, the plan shall within 30 days return to the other party the pro rata portion of the money paid to plan which corresponds to any unexpired period for which payment had been received together with amounts due on claims, if any, less any amounts due the plan; (D) A statement of the time when a notice of cancellation becomes effective; (E) A statement that receipt by the plan of the proper prepaid or periodic payment after cancellation of the contract for nonpayment shall reinstate the contract as though it had never been cancelled if such payment is received on or before the due date of the succeeding prepaid or periodic payment, provided, however, that the contract may specify one or more of the following methods by which the plan may avoid such reinstatement: 1. In the notice of cancellation, the plan notifies the other party that if payment is not received within 15 days of issuance of the notice of cancellation, a new application is required and the conditions under which a new contract will be issued or the original contract

reinstated; or 2. If such payment is received more than 15 days after issuance of the notice of cancellation, the plan refunds such payment within 20 business days; or 3. If such payment is received more than 15 days after issuance of the notice of cancellation, the plan issues to the other party, within 20 business days of receipt of such payment, a new contract accompanied by written notice stating clearly those respects in which the new contract differs from the cancelled contract in benefits, coverage or otherwise; (6) A provision prohibiting the plan from increasing the amount paid by the other party, except after a period of at least 30 days from and after the postage paid mailing to the other party at the other party's most current address of record with the plan; (7) A provision prohibiting the plan from decreasing in any manner the benefits stated in the contract, except after a period of at least 30 days from and after the postage paid mailing to the other party at the other party's most current address of record with the plan; (8) A provision requiring the plan to provide written notice within a reasonable time to the other party of any termination or breach of contract by, or inability to perform of, any contracting provider if the other party may be materially and adversely affected thereby; (9) A provision that (i) the plan is subject to the requirements of Chapter 2.2 of Division 2 of the Code and of Chapter 1 of Title 28 of the California Code of Regulations, and (ii) any provision required to be in the contract by either of the above shall bind the plan whether or not provided in the contract. (10) A provision that, upon termination of a provider contract, the plan shall be liable for covered services rendered by such provider (other than for copayments as defined in subdivision (g) of Section 1345) to a subscriber or enrollee who retains eligibility under the applicable plan contract or by operation of law under the care of such provider at the time of such termination until the services being rendered to the subscriber or enrollee by such provider are

completed, unless the plan makes reasonable and medically appropriate provision for the assumption of such services by a contracting provider. (11) In the case of a group contract, a reasonable provision requiring the group contract holder to mail promptly to each subscriber a legible, true copy of any notice of cancellation of the plan contract which may be received from the plan and to provide promptly to the plan proof of such mailing and the date thereof, if the plan wishes to obligate the group contract holder in connection with the obligations imposed on the plan by Section 1300.65.

(1)

The information required to be included on disclosure forms by Section 1363(a) of the Code and (A) the information required to be included on disclosure forms by Section 1300.63 (except subsections (2), (3), (4) and (11) of subsection (b) thereof), and required to be included on evidences of coverage by subsections (b)(2) and (c) (except subsection (16) thereof) of Section 1300.63.1, or (B) if the plan complies with the provisions of Section 1300.63.2, the information required to be included on combined evidences of coverage and disclosure forms by Section 1300.63.2 (except subsections (1) and (4) of subsection (b) and subsections (2), (25), and (27) of subsection (c) thereof).

(A)

the information required to be included on disclosure forms by Section 1300.63 (except subsections (2), (3), (4) and (11) of subsection (b) thereof), and required to be included on evidences of coverage by subsections (b)(2) and (c) (except subsection (16) thereof) of Section 1300.63.1, or

(B)

if the plan complies with the provisions of Section 1300.63.2, the information required to be included on combined evidences of coverage and disclosure forms by Section 1300.63.2

(except subsections (1) and (4) of subsection (b) and subsections (2), (25), and (27) of subsection (c) thereof).

(2)

Definitions of all terms contained in the contract. (A) Which are defined by the Act or Chapter 1 of Title 28 of the California Code of Regulations, (B) Which are any of the following: "pre-existing condition," "guaranteed renewable," or "non-cancellable," or, (C) Which require definition in order to be understood by a reasonable person not possessing special knowledge of law, medicine, or plans; (D) Which specifically describes the eligibility of persons as subscribers or enrollees.

(A)

Which are defined by the Act or Chapter 1 of Title 28 of the California Code of Regulations,

(B)

Which are any of the following: "pre-existing condition," "guaranteed renewable," or "non-cancellable," or,

(C)

Which require definition in order to be understood by a reasonable person not possessing special knowledge of law, medicine, or plans;

(D)

Which specifically describes the eligibility of persons as subscribers or enrollees.

(3)

Appropriate captions, in boldface type, for the following provisions: limitations, exclusions, exceptions, reductions, deductibles, copayments and other provisions which may decrease or limit benefits to, or increase costs of, any subscriber or enrollee; (A) A benefit afforded by the contract shall not be subject to any limitation, exclusion, exception, reduction, deductible, or copayment which renders the benefit illusory.

(A)

A benefit afforded by the contract shall not be subject to any limitation, exclusion, exception, reduction, deductible, or copayment which renders the benefit illusory.

(4)

In the same section describing any particular benefit(s), any provisions described in (3) above which are applicable only to any such particular benefit(s);

(5)

Provisions relating to cancellation under an appropriate caption, in boldface type, which provisions shall include: (A) A statement of the bases for cancellation, which shall conform to Section 1365(a) of the Act and these rules; (B) A statement of the opportunity for review of certain cancellations by the Director as provided in Section 1365(b) of the Code; (C) A statement that, in the event of cancellation by either the plan (except in the case of fraud or deception in the use of services or facilities of the plan or knowingly permitting such fraud or deception by another) or the other party, the plan shall within 30 days return to the other party the pro rata portion of the money paid to plan which corresponds to any unexpired period for which payment had been received together with amounts due on claims, if any, less any amounts due the plan; (D) A statement of the time when a notice of cancellation becomes effective; (E) A statement that receipt by the plan of the proper prepaid or periodic payment after cancellation of the contract for nonpayment shall reinstate the contract as though it had never been cancelled if such payment is received on or before the due date of the succeeding prepaid or periodic payment, provided, however, that the contract may specify one or more of the following methods by which the plan may avoid such reinstatement: 1. In the notice of cancellation, the plan notifies the other party that if payment is not received within 15 days of issuance of the notice of cancellation, a new application is required and the conditions under which a new contract will be issued or

the original contract reinstated; or 2. If such payment is received more than 15 days after issuance of the notice of cancellation, the plan refunds such payment within 20 business days; or 3. If such payment is received more than 15 days after issuance of the notice of cancellation, the plan issues to the other party, within 20 business days of receipt of such payment, a new contract accompanied by written notice stating clearly those respects in which the new contract differs from the cancelled contract in benefits, coverage or otherwise;

(A)

A statement of the bases for cancellation, which shall conform to Section 1365(a) of the Act and these rules;

(B)

A statement of the opportunity for review of certain cancellations by the Director as provided in Section 1365(b) of the Code;

(C)

A statement that, in the event of cancellation by either the plan (except in the case of fraud or deception in the use of services or facilities of the plan or knowingly permitting such fraud or deception by another) or the other party, the plan shall within 30 days return to the other party the pro rata portion of the money paid to plan which corresponds to any unexpired period for which payment had been received together with amounts due on claims, if any, less any amounts due the plan;

(D)

A statement of the time when a notice of cancellation becomes effective;

(E)

A statement that receipt by the plan of the proper prepaid or periodic payment after cancellation of the contract for nonpayment shall reinstate the contract as though it had never been cancelled if such payment is received on or before the due date of the

succeeding prepaid or periodic payment, provided, however, that the contract may specify one or more of the following methods by which the plan may avoid such reinstatement: 1. In the notice of cancellation, the plan notifies the other party that if payment is not received within 15 days of issuance of the notice of cancellation, a new application is required and the conditions under which a new contract will be issued or the original contract reinstated; or 2. If such payment is received more than 15 days after issuance of the notice of cancellation, the plan refunds such payment within 20 business days; or 3. If such payment is received more than 15 days after issuance of the notice of cancellation, the plan issues to the other party, within 20 business days of receipt of such payment, a new contract accompanied by written notice stating clearly those respects in which the new contract differs from the cancelled contract in benefits, coverage or otherwise;

1.

In the notice of cancellation, the plan notifies the other party that if payment is not received within 15 days of issuance of the notice of cancellation, a new application is required and the conditions under which a new contract will be issued or the original contract reinstated; or

2.

If such payment is received more than 15 days after issuance of the notice of cancellation, the plan refunds such payment within 20 business days; or

3.

If such payment is received more than 15 days after issuance of the notice of cancellation, the plan issues to the other party, within 20 business days of receipt of such payment, a new contract accompanied by written notice stating clearly those respects in which the new contract differs from the cancelled contract in benefits, coverage or otherwise;

(6)

A provision prohibiting the plan from increasing the amount paid by the other party, except after a period of at least 30 days from and after the postage paid mailing to the

other party at the other party's most current address of record with the plan;

(7)

A provision prohibiting the plan from decreasing in any manner the benefits stated in the contract, except after a period of at least 30 days from and after the postage paid mailing to the other party at the other party's most current address of record with the plan;

(8)

A provision requiring the plan to provide written notice within a reasonable time to the other party of any termination or breach of contract by, or inability to perform of, any contracting provider if the other party may be materially and adversely affected thereby;

(9)

A provision that (i) the plan is subject to the requirements of Chapter 2.2 of Division 2 of the Code and of Chapter 1 of Title 28 of the California Code of Regulations, and (ii) any provision required to be in the contract by either of the above shall bind the plan whether or not provided in the contract.

(10)

A provision that, upon termination of a provider contract, the plan shall be liable for covered services rendered by such provider (other than for copayments as defined in subdivision (g) of Section 1345) to a subscriber or enrollee who retains eligibility under the applicable plan contract or by operation of law under the care of such provider at the time of such termination until the services being rendered to the subscriber or enrollee by such provider are completed, unless the plan makes reasonable and medically appropriate provision for the assumption of such services by a contracting provider.

(11)

In the case of a group contract, a reasonable provision requiring the group contract holder to mail promptly to each subscriber a legible, true copy of any notice of cancellation of the plan contract which may be received from the plan and to provide promptly to the plan proof of such mailing and the date thereof, if the plan wishes to obligate the group contract holder in connection with the obligations imposed on the plan by Section 1300.65.

(b)

For the purposes of this section: (1) "Other party" means (i) in the case of a group contract, the group representative designated in the contract, and (ii) in the case of an individual contract, the subscriber. (2) Any express or implied requirement of notice to the other party, in the context of a group contract, requires notice to the group representative designated in the contract and, with respect to material matters, to subscribers and enrollees under the group contract; however, a plan may fulfill any obligation imposed by this section to notify subscribers and enrollees under a group contract if it provides notice to the group representative designated in the contract, and the group contract requires the group representative to disseminate such notice to subscribers and enrollees in the group by the next regular communication to the group but in no event later than 30 days after the receipt thereof.

(1)

"Other party" means (i) in the case of a group contract, the group representative designated in the contract, and (ii) in the case of an individual contract, the subscriber.

(2)

Any express or implied requirement of notice to the other party, in the context of a group contract, requires notice to the group representative designated in the contract and, with respect to material matters, to subscribers and enrollees under the group

contract; however, a plan may fulfill any obligation imposed by this section to notify subscribers and enrollees under a group contract if it provides notice to the group representative designated in the contract, and the group contract requires the group representative to disseminate such notice to subscribers and enrollees in the group by the next regular communication to the group but in no event later than 30 days after the receipt thereof.