

**§ 1367.010. Minimum value of sixty percent for large group health care service plan contract**

(a)(1) A nongrandfathered health care service plan, except a health care service plan offering a specialized health care service plan contract, that offers, amends, or renews a large group health care service plan contract shall not market, offer, amend, or renew a large group plan contract that provides a minimum value of less than 60 percent.

(2) This section shall not apply to limited wraparound coverage, consistent with Section 146.145(b) of Title 45 of the Code of Federal Regulations.

(b) For purposes of this section, a plan shall provide a minimum value of at least 60 percent, as described in Section 36B(c)(2)(C) of the federal Internal Revenue Code and any regulation or guidance adopted under that section.

(c) The following definitions apply for purposes of this section:

(1) “Large group health care service plan contract” means a group health care service plan contract other than a contract issued to a “small employer,” as defined in Section 1357, 1357.500, or 1357.600.

(2) “Plan year” has the meaning set forth in Section 144.103 of Title 45 of the Code of Federal Regulations.

**HISTORY:**

Added Stats 2015 ch 617 § 2 (AB 248), effective January 1, 2016.

**§ 1367.012. Renewal of small employer health care service plan contract; Notice; Exemptions; Amendments for compliance**

(a)(1) A small employer health care service plan contract in effect on December 31, 2013, and still in effect as of the effective date of this section, that does not qualify as a grandfathered health plan under Section 1251 of PPACA may be renewed until January 1, 2015, and may continue to be in force until December 31, 2015, subject to applicable federal law, and any other requirements imposed by this chapter.

(2) A small employer health care service plan contract described in paragraph (1) may continue to be in force after December 31, 2015, if the contract is amended to comply with all of the provisions listed in subdivision (e) by January 1, 2016, and complies with all other applicable provisions of law.

(b)(1) If a health care service plan offers for renewal a small employer health care service plan contract pursuant to paragraph (1) of subdivision (a), the health care service plan shall provide notice to the group contractholder

regarding the option to renew coverage pursuant to subdivision (a) using the relevant notice attached to the guidance entitled “Insurance Standards Bulletin Series - Extension of Transition Policy through October 1, 2016,” issued by the United States Department of Health and Human Services, Centers for Medicare and Medicaid Services on March 5, 2014.

(2) A health care service plan shall include the following notice with the notice issued pursuant to paragraph (1):

“New health care coverage options are available in California. You currently have health care coverage that is not required to comply with many new laws. A new health care service plan contract may be more affordable and/or offer more comprehensive benefits. New plans may also have limits on deductibles and out-of-pocket costs, while your existing plan may have no such limits.

You have the option to remain with your current coverage for one more year or switch to new coverage that complies with the new laws. Covered California, the state’s new health insurance marketplace, offers small employers health insurance from a number of companies through its Small Business Health Options Program (SHOP). Federal tax credits are available through the SHOP to those small employers that qualify. Talk to Covered California (1-877-453-9198), your plan representative, or your insurance agent to discuss your options.”

(3) A health care service plan shall include with the notices issued pursuant to paragraphs (1) and (2), the premium, cost sharing, and benefits associated with the plan’s standard benefit designs approved consistent with subdivision (c) of Section 100504 of the Government Code for the geographic region of the small employer.

(4) A health care service plan that offers for renewal a small employer health care service plan contract pursuant to paragraph (1) of subdivision (a) shall offer renewal to all employers whose health care service plan contract with that health care service plan was in effect on December 31, 2013.

(c)(1) A small employer health care service plan contract in effect on December 31, 2013, and still in effect as of the effective date of this section, that does not qualify as a grandfathered health plan under Section 1251 of PPACA that is renewed on or before January 1, 2015, and that continues to be in force until no later than December 31, 2015, is exempt from the following provisions:

- (A) Paragraphs (1) and (2) of subdivision (a) of, and subdivisions (e) and (i) of, Section 1357.503.
- (B) Section 1357.512.
- (C) Sections 1367.005 and 1357.508.
- (D) Section 1367.0065.
- (E) Section 1367.006.
- (F) Section 1367.007.
- (G) Section 1367.009.

(2) Notwithstanding paragraphs (1) and (2) of subdivision (a) of, and subdivision (e) of, Section 1357.503, a small employer health care service plan contract subject to this section shall only be offered, marketed, and sold to an employer whose health care service plan contract with that health care service plan was in effect on December 31, 2013.

(d) A small employer health care service plan contract described in paragraph (1) of subdivision (a) shall be subject to Sections 1357.12 and 1357.13, and shall continue to be subject to Article 3.16 (commencing with Section 1357.500), except as provided in subdivision (c), and to all otherwise applicable provisions of this chapter.

(e) No later than January 1, 2016, a small employer health care service plan contract described in paragraph (1) of subdivision (a) may be amended to comply with all of the following:

(1) Paragraphs (1) and (2) of subdivision (a) of, and subdivisions (e) and (i) of, Section 1357.503.

(2) Section 1357.512.

(3) Sections 1357.508 and 1367.005.

(4) Section 1367.006.

(5) Section 1367.007.

(6) Section 1367.009.

(f) This section shall be implemented only to the extent permitted by PPACA.

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

(1) “PPACA” means the federal Patient Protection and Affordable Care Act (Public Law 111-148), as amended by the federal Health Care and Education Reconciliation Act of 2010 (Public Law 111-152), and any rules, regulations, or guidance issued pursuant to that law.

(2) “Small employer health care service plan contract” means a group health care service plan contract, other than a specialized health care service plan contract, issued to a small employer, as defined in subdivision (s) of Section 1357.500.

**HISTORY:**

Added Stats 2014 ch 84 § 1 (SB 1446), effective July 7, 2014.