ASSEMBLY BILL No. 52

Introduced by Assembly Member Feuer

December 6, 2010

An act relating to health care coverage.

legislative counsel's digest

AB 52, as introduced, Feuer. Health care coverage.

Existing law, the Knox-Keene Health Care Service Plan Act of 1975 (Knox-Keene Act), 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 also provides for the regulation of insurers by the Department of Insurance, including health insurers. Existing law makes the violation of a final order by the Insurance Commissioner relating to rates imposed by certain insurers, other than health insurers, subject to assessment of a civil penalty and makes the willful violation by those insurers of specified rate provisions a misdemeanor. Under existing law, no change in premium rates or coverage in a health care service plan or a health insurance policy may become effective without prior written notification of the change to the contractholder or policyholder. Existing law prohibits a plan and insurer during the term of a group plan contract or policy from changing the rate of the premium, copayment, coinsurance, or deductible during specified time periods.

This bill would declare the intent of the Legislature to enact legislation to require approval from the Department of Managed Health Care and the Department of Insurance for increases in health care premiums, copayments, or deductibles.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. The Legislature finds and declares all of the following:

(a) California consumers are facing excessive health insurance premium increases, placing health insurance out of the reach of millions of families.

(b) Consumers are experiencing significant insurance rate escalations: from 1999 to 2009, health insurance premiums for families rose 131 percent, while the general rate of inflation increased just 28 percent during the same period (according to a report by the Kaiser Family Foundation).

(c) More than 8.2 million Californians are uninsured, or one in four Californians under 65 years of age.

(d) Uninsured individuals delay preventative care, leading to worse health outcomes and costly visits to overcrowded emergency rooms.

(e) The State of California should have the authority to minimize families' loss of health insurance coverage as a result of steeply rising premium costs.

(f) The federal Patient Protection and Affordable Care Act (Public Law 111-148) allows the federal government to work with states to examine "unreasonable increases" in the premiums charged for some individual and small group health plans, and has allotted two hundred fifty million dollars ($250,000,000) for state insurance departments to improve their process for reviewing proposed rate increases.

(g) According to a Kaiser Family Foundation report on state insurance department rate regulation, states with robust and transparent rate review and approval processes have greater power to protect consumers from large rate increases.

(h) It is the intent of the Legislature to enact legislation to require approval from the Department of Insurance or the Department of Managed Health Care before health care premiums, copayments, or deductibles may be raised by health insurers or health care service plans.

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