

AMENDED IN SENATE MAY 30, 2012

AMENDED IN SENATE APRIL 9, 2012

**SENATE BILL**

**No. 1321**

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**Introduced by Senator Harman**

February 23, 2012

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An act to add Section 100509 to the Government Code, relating to health care coverage, *and declaring the urgency thereof, to take effect immediately.*

LEGISLATIVE COUNSEL'S DIGEST

SB 1321, as amended, Harman. ~~Essential health benefits—California Health Benefit Exchange: executive board.~~

Commencing January 1, 2014, existing law, the federal Patient Protection and Affordable Care Act (PPACA), requires a health insurance issuer that offers coverage in the small group or individual market to ensure that such coverage includes the essential health benefits package, as defined. PPACA requires each state to, by January 1, 2014, establish an American Health Benefit Exchange that facilitates the purchase of qualified health plans by qualified individuals and qualified small employers. PPACA defines a qualified health plan as a plan that, among other requirements, provides the essential health benefits package. Existing state law creates the California Health Benefit Exchange, *governed by an executive board*, to facilitate the purchase of qualified health plans by qualified individuals and qualified small employers by January 1, 2014.

This bill would require the board of the California Health Benefit Exchange ~~to determine the total cost of benefits for each health plan listed as an essential health benefits benchmark plan option in regulations adopted pursuant to PPACA. The bill would require that~~

~~the plan with the lowest total cost of benefits set the benchmark for items and services to be included in the definition of essential health benefits under PPACA. The bill would specify that its provisions shall only be implemented to the extent consistent with regulations adopted pursuant to PPACA., if any part of PPACA is amended, invalidated, or repealed, to report to the Legislature regarding the impact on the Exchange of the PPACA sections amended, invalidated, or repealed and to provide the Legislature with a plan, to be included with the report, on how the Exchange will operate given the PPACA sections amended, invalidated, or repealed. The bill would require the board to halt all work related to implementing the Exchange if the board does not provide the Legislature with the report within a specified period of time. The bill would prohibit state moneys from being used to fund any Exchange operations or related functions, or to replace or supplant federal funds currently or previously dedicated to Exchange operations or related functions.~~

*This bill would declare that it is to take effect immediately as an urgency statute.*

Vote: ~~majority~~<sup>2/3</sup>. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

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

- 1     SECTION 1. Section 100509 is added to the Government Code,
- 2     to read:
- 3     100509. Notwithstanding any other provision of law, if any
- 4     part of the federal Patient Protection and Affordable Care Act
- 5     (PPACA) (Public Law 111-148) is amended, invalidated, or
- 6     repealed, the following provisions shall apply:
- 7     (a) The board shall do both of the following:
- 8     (1) Report to the Legislature regarding the impact on the
- 9     Exchange of the PPACA sections amended, invalidated, or
- 10    repealed. This report shall include an assessment of the Exchange's
- 11    long-term viability and ability to function without the use of any
- 12    state funds.
- 13    (2) Provide to the Legislature a plan, to be included with the
- 14    report in paragraph (1), on how the Exchange will operate in light
- 15    of the PPACA sections amended, invalidated, or repealed.
- 16    (b) The board shall halt all work related to implementing the
- 17    Exchange if the board does not provide the Legislature with the

1 report required by subdivision (a) within 90 days of the  
2 amendment, invalidation, or repeal of any section of PPACA.

3 (c) No state moneys shall be used to fund any Exchange  
4 operations or related functions, nor shall any state moneys be used  
5 to replace or supplant federal funds currently or previously  
6 dedicated to Exchange operations or related functions.

7 SEC. 2. This act is an urgency statute necessary for the  
8 immediate preservation of the public peace, health, or safety within  
9 the meaning of Article IV of the Constitution and shall go into  
10 immediate effect. The facts constituting the necessity are:

11 In order to ensure that the Legislature has the information it  
12 needs to respond at the earliest possible time to changes in PPACA  
13 and their impact on the Exchange, it is necessary for this act to  
14 take effect immediately.

15 SECTION 1. ~~Section 100509 is added to the Government Code,~~  
16 ~~to read:~~

17 100509. ~~(a) The board shall determine the total cost of benefits~~  
18 ~~for each health plan listed as an essential health benefits benchmark~~  
19 ~~plan option in regulations adopted pursuant to Section 1302 of the~~  
20 ~~federal Patient Protection and Affordable Care Act (42 U.S.C. Sec.~~  
21 ~~18022). The board's determinations pursuant to this section shall~~  
22 ~~be posted on its Internet Web site and submitted to the Assembly~~  
23 ~~Committee on Health and the Senate Committee on Health.~~

24 ~~(b) The health plan under subdivision (a) with the lowest total~~  
25 ~~cost of benefits, as determined by the board under subdivision (a);~~  
26 ~~shall set the benchmark for items and services to be included in~~  
27 ~~the definition of essential health benefits under Section 1302 of~~  
28 ~~the federal Patient Protection and Affordable Care Act (42 U.S.C.~~  
29 ~~Sec. 18022).~~

30 ~~(c) This section shall only be implemented to the extent~~  
31 ~~consistent with regulations adopted by the United States~~  
32 ~~Department of Health and Human Services under Section 1302 of~~  
33 ~~the federal Patient Protection and Affordable Care Act (42 U.S.C.~~  
34 ~~Sec. 18022).~~