

AMENDED IN SENATE AUGUST 17, 2011

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AMENDED IN ASSEMBLY MAY 27, 2011

AMENDED IN ASSEMBLY MAY 10, 2011

AMENDED IN ASSEMBLY APRIL 14, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

**ASSEMBLY BILL**

**No. 792**

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**Introduced by Assembly Member Bonilla  
(Coauthor: Assembly Member Huffman)**

February 17, 2011

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An act to add Sections 2024.7 and 8613.7 to the Family Code, to add Sections 1366.50 and 1366.51 to the Health and Safety Code, to add Sections 10786 and 10787 to the Insurance Code, *and* to amend Section 2800.2 of the Labor Code, ~~and to add Sections 1342.5 and 2706.5 to the Unemployment Insurance Code~~, relating to health care coverage.

LEGISLATIVE COUNSEL'S DIGEST

AB 792, as amended, Bonilla. Health care coverage: California Health Benefit Exchange.

Existing law, the federal Patient Protection and Affordable Care Act, requires each state to, by January 1, 2014, establish an American Health Benefit Exchange that makes available qualified health plans to qualified individuals and *small* employers. Existing state law establishes the California Health Benefit Exchange within state government, specifies the powers and duties of the board governing the Exchange relative to determining eligibility for enrollment in the Exchange and arranging

for coverage under qualified health plans, and requires the board to facilitate the purchase of qualified health plans through the Exchange by qualified individuals and small employers by January 1, 2014.

Existing law, the Knox-Keene Health Care Service Plan Act of 1975, provides for the 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 provides for the regulation of health insurers by the Department of Insurance. Existing law imposes specified requirements on health care service plans and health insurers that provide medical and hospital coverage under an employer-sponsored group plan for an employer, employee association, or other entity subject to requirements under COBRA or Cal-COBRA, as defined, and imposes specified requirements on those employers, employee associations, or other entities to notify its current and former employees or members and dependents of continuation coverage and conversion coverage options upon specified events. ~~Existing law regulates the distribution of unemployment compensation or disability benefits by the Employment Development Department.~~ Existing law sets forth procedures related to a petition for dissolution of marriage, nullity of marriage, or legal separation, or a petition for adoption.

This bill would require the disclosure of information on health care coverage through the California Health Benefit Exchange, under specified circumstances, by health care service plans, health insurers, employers, employee associations or other entities, ~~the Employment Development Department, upon an initial claim for disability benefits,~~ or, on and after January 1, 2013, by the court, upon the filing of a petition for dissolution of marriage, nullity of marriage, legal separation, or adoption.

On and after January 1, 2014, this bill would also require specified health care service plans and health insurers to, upon the failure of an enrollee or insured to renew his or her health coverage, as specified, or upon termination of coverage under an employer-sponsored group plan, ~~and the Employment Development Department with regard to an applicant for unemployment compensation,~~ transfer specified information to the California Health Benefit Exchange for purposes of enrolling those individuals ~~or applicants~~ in the Exchange. The bill would make the automatic enrollment of those individuals in the Exchange subject to the plan or insurer, or employer, employee association, or other entity, obtaining the written consent of the individual at the time the individual or employer-sponsored group plan contract or policy is

issued, amended, delivered, or renewed, as specified, or upon a qualifying event, as defined. ~~The bill would make the automatic enrollment of those individuals by the Employment Development Department subject to the Exchange receiving approval from the United States Department of Health and Human Services to transfer the minimum information necessary to initiate an application for enrollment, as specified, and provide that enrollment by the department is only operative to the extent that it is funded out of non-General Fund moneys. The bill would require the Employment Development Department to maintain a link on its Internet Web site to the Internet Web site of the Exchange and information on the Exchange. The bill would allow an individual whose information has been transferred to the Exchange under those provisions to discontinue his or her application for enrollment with the Exchange, as specified.~~

Because a willful violation of the bill’s provisions relative to health care service plans would be a crime, the bill 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.  
State-mandated local program: yes.

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

1 SECTION 1. Section 2024.7 is added to the Family Code, to  
 2 read:  
 3 2024.7. On and after January 1, 2013, upon the filing of a  
 4 petition for dissolution of marriage, nullity of marriage, or legal  
 5 separation, the court shall provide to the petitioner and the  
 6 respondent the following notice:  
 7  
 8 “In March of 2010, the federal government passed national health  
 9 care reform. Because of this, effective January 1, 2014, you may  
 10 become eligible for reduced-cost comprehensive health care  
 11 coverage through the California Health Benefit Exchange. To learn  
 12 more, visit [www.healthexchange.ca.gov](http://www.healthexchange.ca.gov) or call 1-888-(insert  
 13 telephone number).”

1  
2 SEC. 2. Section 8613.7 is added to the Family Code, to read:  
3 8613.7. On and after January 1, 2013, upon the filing of a  
4 petition for adoption pursuant to this part, the court shall provide  
5 to the petitioner the following notice:

6  
7 “In March of 2010, the federal government passed national health  
8 care reform. Because of this, effective January 1, 2014, you may  
9 become eligible for reduced-cost comprehensive health care  
10 coverage through the California Health Benefit Exchange. To learn  
11 more, visit [www.healthexchange.ca.gov](http://www.healthexchange.ca.gov) or call 1-888-(insert  
12 telephone number).”

13  
14 SEC. 3. Section 1366.50 is added to the Health and Safety  
15 Code, to read:

16 1366.50. (a) (1) Except for a specialized health care service  
17 plan, every health care service plan contract that is issued,  
18 amended, delivered, or renewed in this state on or after January  
19 1, 2014, that provides medical and hospital coverage under an  
20 employer-sponsored group plan for an employer subject to  
21 COBRA, as defined in subdivision (e) of Section 1373.621, or an  
22 employer group for which the plan is required to offer Cal-COBRA  
23 coverage, as defined in subdivision (f) of Section 1373.621,  
24 including a carrier providing replacement coverage under Section  
25 1399.63, shall, consistent with this section *and to the extent*  
26 *permitted under the federal Patient Protection and Affordable*  
27 *Care Act (Public Law 111-148)*, transfer information to the  
28 Exchange in order to initiate an application for enrollment for a  
29 qualified beneficiary upon a qualifying event.

30 (2) Prior to the transfer of the information to the Exchange, the  
31 health care service plan shall obtain the written consent of the  
32 enrollee to provide the minimum necessary information to the  
33 Exchange. If the individual does not provide his or her consent,  
34 the health care service plan shall not transfer any information  
35 regarding that individual to the Exchange. Consent may be obtained  
36 at the time of the qualifying event.

37 (b) (1) The health care service plan shall provide to the  
38 California Health Benefit Exchange information regarding the  
39 former employee and any dependents covered under the group  
40 coverage. The information provided shall include the name or

1 names, most recent address, and any other information that is in  
2 the possession of the plan and that the Exchange may require in  
3 order to determine eligibility, facilitate enrollment in coverage,  
4 and maximize continuity of care, and shall be provided in a manner  
5 to be prescribed by the Exchange. The information shall be  
6 provided in a manner consistent with Section 1411 of the federal  
7 Patient Protection and Affordable Care Act (Public Law 111-148)  
8 and consistent with other state and federal medical privacy laws.

9 (2) The provision of this information shall initiate an application  
10 for enrollment in coverage within the meaning of Section 100503  
11 of the Government Code. Nothing in this section shall be construed  
12 to alter the responsibility of the Exchange or other state and local  
13 government entities with respect to the criteria and process for  
14 eligibility and enrollment in the Exchange and other public health  
15 care coverage programs.

16 (c) (1) On and after January 1, 2012, until December 31, 2013,  
17 the health care service plan shall provide the following notification  
18 to qualified beneficiaries upon a qualifying event:

19  
20 “Please examine your options carefully before declining this  
21 coverage. Until January 1, 2014, you should be aware that  
22 companies selling individual health insurance to adults who are  
23 19 years of age or older typically require a review of your medical  
24 history that could result in a higher premium or you could be denied  
25 coverage entirely. Effective January 1, 2010, children under 19  
26 years of age cannot be denied individual coverage based on medical  
27 history, but may pay a higher premium depending on medical  
28 history.”

29  
30 (2) On and after January 1, 2014, notification provided to  
31 qualified beneficiaries upon a qualifying event shall also include  
32 the following notification in 12-point type:

33  
34 “In March of 2010, the federal government passed national health  
35 care reform. Because of this, you may be eligible for reduced-cost  
36 comprehensive health care coverage through the California Health  
37 Benefit Exchange. Because you are losing your coverage from  
38 your employer or the employer of a family member, an application  
39 will be sent to the California Health Benefit Exchange to make it  
40 easier for you to get health care coverage.

1 Eligibility for reduced-cost coverage through the California  
2 Health Benefit Exchange or no-cost coverage through Medi-Cal  
3 is based on your income. You will be contacted by the Exchange  
4 to complete the application. You are not required to accept  
5 coverage from the Exchange. To learn more, or to contact the  
6 Exchange, visit [www.healthexchange.ca.gov](http://www.healthexchange.ca.gov) or call 1-888-(insert  
7 telephone number).”

8  
9 (3) A person for whom an application for enrollment in the  
10 Exchange has been initiated by the transfer of information under  
11 this section shall be given the opportunity to provide informed  
12 consent to use the transferred information to commence eligibility  
13 determination and complete enrollment as well as the opportunity  
14 to correct any transferred information or provide additional  
15 information before a final eligibility determination is made. If the  
16 individual fails to consent or fails to respond to the opportunity to  
17 consent within a reasonable period of time, that failure to consent  
18 or to respond timely shall be construed as discontinuing the  
19 application.

20 (d) For purposes of this section:

21 (1) “Qualified beneficiary” means any individual who, on the  
22 day before the qualifying event, is an enrollee in a group benefit  
23 plan offered by a health care service plan and who has a qualifying  
24 event.

25 (2) “Qualifying event” means any of the following events that  
26 would result in a loss of coverage under the group benefit plan to  
27 a qualified beneficiary:

28 (A) The death of the covered employee.

29 (B) The termination of employment or reduction in hours of the  
30 covered employee’s employment.

31 (C) The divorce or legal separation of the covered employee  
32 from the covered employee’s spouse.

33 (D) The loss of dependent status by a dependent enrolled in the  
34 group benefit plan.

35 (E) With respect to a covered dependent only, the covered  
36 employee’s entitlement to benefits under Title XVIII of the federal  
37 Social Security Act.

38 SEC. 4. Section 1366.51 is added to the Health and Safety  
39 Code, to read:

1 1366.51. (a) (1) On or after January 1, 2014, except for a  
2 specialized health care service plan, every health care service plan  
3 contract in the individual market shall, consistent with this section,  
4 transfer information to the Exchange in order to initiate an  
5 application for enrollment for an individual at such time as the  
6 individual ceases to be enrolled in coverage.

7 (2) On or after January 1, 2012, the health care service plan  
8 shall obtain the written consent of the enrollee to provide the  
9 minimum necessary information to the Exchange in the event that  
10 the individual or dependent ceases to be enrolled in individual  
11 coverage. If the individual does not provide his or her consent, the  
12 health care service plan shall not transfer any information regarding  
13 that individual to the Exchange. Consent may be obtained at the  
14 time of the qualifying event.

15 (b) (1) The health care service plan shall provide to the  
16 California Health Benefit Exchange information regarding the  
17 former covered individual and any dependents that chose not to  
18 renew individual coverage. The information provided shall include  
19 the name or names, most recent address, and any other information  
20 that is in the possession of the plan and that the Exchange may  
21 require in order to determine eligibility, facilitate enrollment in  
22 coverage, and maximize continuity of care, and shall be provided  
23 in a manner to be prescribed by the Exchange. The information  
24 shall be provided in a manner consistent with Section 1411 of the  
25 federal Patient Protection and Affordable Care Act (Public Law  
26 111-148) and consistent with other state and federal medical  
27 privacy laws.

28 (2) The provision of this information shall initiate an application  
29 for enrollment in coverage within the meaning of Section 100503  
30 of the Government Code.

31 (c) (1) On and after January 1, 2014, the health care service  
32 plan shall provide the following notification to individuals,  
33 dependents, or former dependents who cease to be enrolled in  
34 individual coverage in 12-point type:

35  
36 “In March of 2010, the federal government passed national health  
37 care reform. Because of this, you may be eligible for reduced-cost  
38 comprehensive health care coverage through the California Health  
39 Benefit Exchange. Because you are losing your coverage as an  
40 individual, an application will be sent to the California Health

1 Benefit Exchange to make it easier for you to get health care  
2 coverage.

3 Eligibility for reduced-cost coverage through the California  
4 Health Benefit Exchange or no-cost coverage through Medi-Cal  
5 is based on your income. You will be contacted by the Exchange  
6 to complete the application. You are not required to accept  
7 coverage from the Exchange. To learn more, or to contact the  
8 Exchange, visit [www.healthexchange.ca.gov](http://www.healthexchange.ca.gov) or call 1-888-(insert  
9 telephone number).”

10

11 (2) A person for whom an application for enrollment in the  
12 Exchange has been initiated by the transfer of information under  
13 this section shall be given the opportunity to provide informed  
14 consent to use the transferred information to commence eligibility  
15 determination and complete enrollment as well as the opportunity  
16 to correct any transferred information or provide additional  
17 information before a final eligibility determination is made. If the  
18 individual fails to consent or fails to respond to the opportunity to  
19 consent within a reasonable period of time, that failure to consent  
20 or to respond timely shall be construed as discontinuing the  
21 application.

22 (d) Effective July 1, 2013, until July 1, 2020, the health care  
23 service plan shall provide to individuals, dependents, or former  
24 dependents with coverage in the individual market the following  
25 notification in 12-point type and prominently displayed in the  
26 evidence of coverage:

27

28 “In March of 2010, the federal government passed national health  
29 care reform. Because of this, as an individual buying your own  
30 health insurance, in January 2014, you may become eligible for  
31 reduced-cost comprehensive health care coverage through the  
32 California Health Benefit Exchange. To learn more, please visit  
33 [www.healthexchange.ca.gov](http://www.healthexchange.ca.gov) or call 1-888-(insert telephone  
34 number).”

35

36 SEC. 5. Section 10786 is added to the Insurance Code, to read:

37 10786. (a) (1) Every health insurance policy that is issued,  
38 amended, delivered, or renewed in this state on or after January  
39 1, 2014, that provides medical and hospital coverage under an  
40 employer-sponsored group plan for an employer subject to



1 COBRA, as defined in subdivision (e) of Section 10116.5, or an  
2 employer group for which the plan is required to offer Cal-COBRA  
3 coverage, as defined in subdivision (f) of Section 10116.5,  
4 including a carrier providing replacement coverage under Section  
5 10128.3, shall, consistent with this section *and to the extent*  
6 *permitted under the federal Patient Protection and Affordable*  
7 *Care Act (Public Law 111-148)*, transfer information to the  
8 Exchange in order to initiate an application for enrollment for a  
9 qualified beneficiary upon a qualifying event.

10 (2) Prior to the transfer of the information to the Exchange, the  
11 health insurer shall obtain the written consent of the insured to  
12 provide the minimum necessary information to the Exchange. If  
13 the individual does not provide his or her consent, the health insurer  
14 shall not transfer any information regarding that individual to the  
15 Exchange. Consent may be obtained at the time of the qualifying  
16 event.

17 (b) (1) The health insurer shall provide to the California Health  
18 Benefit Exchange information regarding the former employee and  
19 any dependents covered under the group coverage. The information  
20 provided shall include the name or names, most recent address,  
21 and any other information that is in the possession of the insurer  
22 and that the Exchange may require in order to determine eligibility,  
23 facilitate enrollment in coverage, and maximize continuity of care,  
24 and shall be provided in a manner to be prescribed by the  
25 Exchange. The information shall be provided in a manner  
26 consistent with Section 1411 of the federal Patient Protection and  
27 Affordable Care Act (Public Law 111-148) and consistent with  
28 other state and federal medical privacy laws.

29 (2) The provision of this information shall initiate an application  
30 for enrollment in coverage within the meaning of Section 100503  
31 of the Government Code. Nothing in this section shall be construed  
32 to alter the responsibility of the Exchange or other state and local  
33 government entities with respect to the criteria and process for  
34 eligibility and enrollment in the Exchange and other public health  
35 care coverage programs.

36 (c) (1) On and after January 1, 2012, until December 31, 2013,  
37 the health insurer shall provide the following notification to  
38 qualified beneficiaries upon a qualifying event:  
39

1 “Please examine your options carefully before declining this  
2 coverage. Until January 1, 2014, you should be aware that  
3 companies selling individual health insurance to adults who are  
4 19 years of age or older typically require a review of your medical  
5 history that could result in a higher premium or you could be denied  
6 coverage entirely. Effective January 1, 2010, children under 19  
7 years of age cannot be denied individual coverage based on medical  
8 history, but may pay a higher premium depending on medical  
9 history.”

10  
11 (2) On and after January 1, 2014, the health insurer shall provide  
12 the following notification to qualified beneficiaries upon a  
13 qualifying event in 12-point type:  
14

15 “In March of 2010, the federal government passed national health  
16 care reform. Because of this, you may be eligible for reduced-cost  
17 comprehensive health care coverage through the California Health  
18 Benefit Exchange. Because you are losing your coverage from  
19 your employer or the employer of a family member, an application  
20 will be sent to the California Health Benefit Exchange to make it  
21 easier for you to get health care coverage.

22 Eligibility for reduced-cost coverage through the California  
23 Health Benefit Exchange or no-cost coverage through Medi-Cal  
24 is based on your income. You will be contacted by the Exchange  
25 to complete the application. You are not required to accept  
26 coverage from the Exchange. To learn more, or to contact the  
27 Exchange, visit [www.healthexchange.ca.gov](http://www.healthexchange.ca.gov) or call 1-888-(insert  
28 telephone number).”  
29

30 (3) A person for whom an application for enrollment in the  
31 Exchange has been initiated by the transfer of information under  
32 this section shall be given the opportunity to provide informed  
33 consent to use the transferred information to commence eligibility  
34 determination and complete enrollment as well as the opportunity  
35 to correct any transferred information or provide additional  
36 information before a final eligibility determination is made. If the  
37 individual fails to consent or fails to respond to the opportunity to  
38 consent within a reasonable period of time, that failure to consent  
39 or to respond timely shall be construed as discontinuing the  
40 application.

1 (d) For purposes of this section:

2 (1) “Qualified beneficiary” means any individual who, on the  
3 day before the qualifying event, is an enrollee in a group benefit  
4 plan offered by a health insurer and who has a qualifying event.

5 (2) “Qualifying event” means any of the following events that  
6 would result in a loss of coverage under the group benefit plan to  
7 a qualified beneficiary:

8 (A) The death of the covered employee.

9 (B) The termination of employment or reduction in hours of the  
10 covered employee’s employment.

11 (C) The divorce or legal separation of the covered employee  
12 from the covered employee’s spouse.

13 (D) The loss of dependent status by a dependent enrolled in the  
14 group benefit plan.

15 (E) With respect to a covered dependent only, the covered  
16 employee’s entitlement to benefits under Title XVIII of the federal  
17 Social Security Act.

18 SEC. 6. Section 10787 is added to the Insurance Code, to read:

19 10787. (a) (1) On or after January 1, 2014, every health  
20 insurance policy in the individual market shall, consistent with  
21 this section, transfer information to the Exchange in order to initiate  
22 an application for enrollment for the individual at such time as the  
23 individual ceases to be enrolled in coverage.

24 (2) On or after January 1, 2012, the health insurer shall obtain  
25 the written consent of the insured to provide the minimum  
26 necessary information to the Exchange in the event that the  
27 individual or dependent ceases to be enrolled in individual  
28 coverage. If the individual does not provide his or her consent, the  
29 health insurer shall not transfer any information regarding that  
30 individual to the Exchange. Consent may be obtained at the time  
31 of the qualifying event.

32 (b) (1) The health insurer shall provide to the California Health  
33 Benefit Exchange information regarding the former covered  
34 individual and any dependents that chose not to renew individual  
35 coverage. The information provided shall include the name or  
36 names, most recent address, and any other information that is in  
37 the possession of the insurer and that the Exchange may require  
38 in order to determine eligibility, facilitate enrollment in coverage,  
39 and maximize continuity of care, and shall be provided in a manner  
40 to be prescribed by the Exchange. The information shall be

1 provided in a manner consistent with Section 1411 of the federal  
2 Patient Protection and Affordable Care Act (Public Law 111-148)  
3 and consistent with other state and federal medical privacy laws.

4 (2) The provision of this information shall initiate an application  
5 for enrollment in coverage within the meaning of Section 100503  
6 of the Government Code.

7 (c) (1) On and after January 1, 2014, the health insurer shall  
8 provide the following notification to individuals, dependents, or  
9 former dependents who cease to be enrolled in individual coverage  
10 in 12-point type:

11  
12 “In March of 2010, the federal government passed national health  
13 care reform. Because of this, you may be eligible for reduced-cost  
14 comprehensive health care coverage through the California Health  
15 Benefit Exchange. Because you are losing your coverage as an  
16 individual, an application will be sent to the California Health  
17 Benefit Exchange to make it easier for you to get health care  
18 coverage.

19 Eligibility for reduced-cost coverage through the California  
20 Health Benefit Exchange or no-cost coverage through Medi-Cal  
21 is based on your income. You will be contacted by the Exchange  
22 to complete the application. You are not required to accept  
23 coverage from the Exchange. To learn more, or to contact the  
24 Exchange, visit [www.healthexchange.ca.gov](http://www.healthexchange.ca.gov) or call 1-888-(insert  
25 telephone number).”

26  
27 (2) A person for whom an application for enrollment in the  
28 Exchange has been initiated by the transfer of information under  
29 this section shall be given the opportunity to provide informed  
30 consent to use the transferred information to commence eligibility  
31 determination and complete enrollment as well as the opportunity  
32 to correct any transferred information or provide additional  
33 information before a final eligibility determination is made. If the  
34 individual fails to consent or fails to respond to the opportunity to  
35 consent within a reasonable period of time, that failure to consent  
36 or to respond timely shall be construed as discontinuing the  
37 application.

38 (d) Effective July 1, 2013, until July 1, 2020, the health insurer  
39 shall provide the following notification to individuals, dependents,  
40 or former dependents with coverage in the individual market, the

1 following notification in 12-point type and prominently displayed  
2 in the evidence of coverage:

3  
4 “In March of 2010, the federal government passed national health  
5 care reform. Because of this, as an individual buying your own  
6 health insurance, in January 2014, you may become eligible for  
7 reduced-cost comprehensive health care coverage through the  
8 California Health Benefit Exchange. To learn more, please visit  
9 [www.healthexchange.ca.gov](http://www.healthexchange.ca.gov) or call 1-888-(insert telephone  
10 number).”

11  
12 SEC. 7. Section 2800.2 of the Labor Code is amended to read:  
13 2800.2. (a) Any employer, employee association, or other  
14 entity otherwise providing hospital, surgical, or major medical  
15 benefits to its employees or members is solely responsible for  
16 notification of its employees or members of the conversion  
17 coverage made available pursuant to Part 6.1 (commencing with  
18 Section 12670) of Division 2 of the Insurance Code or Section  
19 1373.6 of the Health and Safety Code. At the time that the health  
20 care service plan contract or health insurance policy is issued,  
21 amended, delivered, or renewed on or after January 1, 2012, the  
22 employer, employee association, or other entity shall obtain the  
23 written consent of the enrollee or insured to provide the minimum  
24 necessary information to the Exchange in the event that the  
25 individual or dependent ceases to be enrolled in coverage under  
26 this section. If the individual does not provide his or her consent,  
27 the employer, employee association, or other entity shall not  
28 transfer any information regarding that individual to the Exchange.

29 (1) The employer, employee association, or other entity  
30 otherwise providing hospital, surgical, or major medical benefits  
31 to its employees or members shall provide to the California Health  
32 Benefit Exchange information regarding the former employee and  
33 any dependents covered under the group coverage. The information  
34 provided shall include the name or names, most recent address,  
35 and any other information that is in the possession of the employer,  
36 employee association, or other entity and that the Exchange may  
37 require in a manner to be prescribed by the Exchange. The  
38 information shall be provided in a manner consistent with Section  
39 1411 of the federal Patient Protection and Affordable Care Act

1 (Public Law 111-148) and consistent with other state and federal  
2 medical privacy laws.

3 (2) The provision of this information shall initiate an application  
4 for enrollment in coverage within the meaning of Section 100503  
5 of the Government Code.

6 (b) Any employer, employee association, or other entity, whether  
7 private or public, that provides hospital, medical, or surgical  
8 expense coverage that a former employee may continue under  
9 Section 4980B of Title 26 of the United States Code, Section 1161  
10 et seq. of Title 29 of the United States Code, or Section 300bb of  
11 Title 42 of the United States Code, as added by the Consolidated  
12 Omnibus Budget Reconciliation Act of 1985 (Public Law 99-272),  
13 and as may be later amended (hereafter “COBRA”), shall, in  
14 conjunction with the notification required by COBRA that COBRA  
15 continuation coverage will cease and conversion coverage is  
16 available, and as a part of the notification required by subdivision  
17 (a), also notify the former employee, spouse, or former spouse of  
18 the availability of the continuation coverage under Section  
19 1373.621 of the Health and Safety Code and Sections 10116.5 and  
20 11512.03 of the Insurance Code.

21 (c) (1) On or after July 1, 2006, until January 1, 2012,  
22 notification provided to employees, members, former employees,  
23 spouses, or former spouses under subdivisions (a) and (b) shall  
24 also include the following notification:  
25

26 “Please examine your options carefully before declining this  
27 coverage. You should be aware that companies selling individual  
28 health insurance typically require a review of your medical history  
29 that could result in a higher premium or you could be denied  
30 coverage entirely.”  
31

32 (2) On and after January 1, 2012, until December 31, 2013, the  
33 employer, employee association, or other entity shall provide the  
34 following notification to employees, members, former employees,  
35 spouses, or former spouses under subdivisions (a) and (b):  
36

37 “Please examine your options carefully before declining this  
38 coverage. In March of 2010, the federal government enacted  
39 national health care reform. Until January 1, 2014, you should be  
40 aware that companies selling individual health insurance to adults

1 who are 19 years of age or older typically require a review of your  
2 medical history that could result in a higher premium or you could  
3 be denied coverage entirely. Effective January 1, 2010, children  
4 under 19 years of age cannot be denied individual coverage based  
5 on medical history but may pay a higher premium depending on  
6 medical history.”

7

8 (3) On and after January 1, 2014, the employer, employee  
9 association, or other entity shall provide the following notification  
10 to employees, members, former employees, spouses, or former  
11 spouses under subdivisions (a) and (b):

12

13 “In March of 2010, the federal government passed national health  
14 care reform. Because of this, you may be eligible for reduced-cost  
15 comprehensive health care coverage through the California Health  
16 Benefit Exchange. Because you are losing your coverage from  
17 your employer or from the employer of a family member, an  
18 application will be sent to the California Health Benefit Exchange  
19 to make it easier for you to get health care coverage.

20 Eligibility for low-cost coverage through the California Health  
21 Benefit Exchange or no-cost coverage through Medi-Cal is based  
22 on your income. You will be contacted by the Exchange to  
23 complete the application. You are not required to accept coverage  
24 from the Exchange. To learn more, or to contact the Exchange,  
25 visit [www.healthexchange.ca.gov](http://www.healthexchange.ca.gov) or call 1-888-(insert telephone  
26 number).”

27

28 (d) A person for whom an application for enrollment in the  
29 Exchange has been initiated by the transfer of information under  
30 this section shall be given the opportunity to provide informed  
31 consent to use the transferred information to commence eligibility  
32 determination and complete enrollment as well as the opportunity  
33 to correct any transferred information or provide additional  
34 information before a final eligibility determination is made. If the  
35 individual fails to consent or fails to respond to the opportunity to  
36 consent within a reasonable period of time, that failure to consent  
37 or to respond timely shall be construed as discontinuing the  
38 application.

39 ~~SEC. 8. Section 1342.5 is added to the Unemployment~~  
40 ~~Insurance Code, to read:~~

1 1342.5. (a) On and after January 1, 2014, when an individual  
2 files a new claim for unemployment compensation under this  
3 chapter, the department shall do all of the following:

4 (1) (A) Provide to the California Health Benefit Exchange the  
5 name, address, and any other identifying information that is in the  
6 possession of the department as the Exchange may require in a  
7 manner to be prescribed by the Exchange. To maximize the number  
8 of individual Californians complying with the requirements of the  
9 federal Patient Protection and Affordable Care Act (Public Law  
10 111-148) by obtaining coverage consistent with the provisions of  
11 federal law, the Exchange shall seek approval from the United  
12 States Department of Health and Human Services to transfer the  
13 minimum information necessary to initiate an application for  
14 enrollment under this section consistent with Section 100503 of  
15 the Government Code.

16 (B) The provision of this information shall initiate an application  
17 for enrollment in coverage within the meaning of Section 100503  
18 of the Government Code.

19 (2) Provide the following notice to the individual:

20  
21 “In March of 2010, the federal government passed national health  
22 care reform. Because of this, you may be eligible for reduced-cost  
23 comprehensive health care coverage through the California Health  
24 Benefit Exchange. Because you are no longer employed and may  
25 need health coverage, an application will be sent to the California  
26 Health Benefit Exchange to make it easier for you to get health  
27 care coverage.

28 Eligibility for low-cost coverage through the California Health  
29 Benefit Exchange or no-cost coverage through Medi-Cal is based  
30 on your income. You will be contacted by the Exchange to  
31 complete the application. You are not required to accept coverage  
32 from the Exchange. To learn more, or to contact the Exchange,  
33 visit [www.healthexchange.ca.gov](http://www.healthexchange.ca.gov) or call 1-888-(insert telephone  
34 number).”

35  
36 (b) A person for whom an application for enrollment in the  
37 Exchange has been initiated by the transfer of information under  
38 this section shall be given the opportunity to provide informed  
39 consent to use the transferred information to commence eligibility  
40 determination and complete enrollment as well as the opportunity



1 to correct any transferred information or provide additional  
2 information before a final eligibility determination is made. If the  
3 individual fails to consent or fails to respond to the opportunity to  
4 consent within a reasonable period of time, that failure to consent  
5 or to respond timely shall be construed as discontinuing the  
6 application.

7 (e) The department shall provide on its Internet Web site a link  
8 to the Internet Web site of the California Health Benefit Exchange  
9 and a notice that low-cost or no-cost health care coverage may be  
10 obtained through the Exchange for those who are unemployed or  
11 disabled.

12 (d) The department may, by regulation, modify the wording of  
13 any notice required by this section for purposes of clarity,  
14 readability, and accuracy, except that a modification shall not  
15 change the substantive meaning of the notice. The addition or  
16 correction of a telephone number or Internet Web site may be  
17 implemented by guidance and shall not require the adoption of a  
18 regulation.

19 (e) This section shall be implemented consistent with federal  
20 guidance and shall be operative only to the extent that it is funded  
21 out of non-General Fund moneys.

22 SEC. 9. Section 2706.5 is added to the Unemployment  
23 Insurance Code, to read:

24 2706.5. (a) Effective January 1, 2013, when an individual files  
25 a new claim for disability benefits under this part, the department  
26 shall provide the following notice to the individual:

27  
28 “In March of 2010, the federal government passed national health  
29 care reform. Because of this, if you do not have other health  
30 coverage, in January 2014, you may become eligible for  
31 reduced-cost comprehensive health care coverage through the  
32 California Health Benefit Exchange. To learn more, please visit  
33 [www.healthexchange.ca.gov](http://www.healthexchange.ca.gov) or call 1-888-(insert telephone  
34 number).”

35  
36 (b) This notice shall be provided upon initial application whether  
37 or not the individual is eligible for disability benefits.

38 (e) The department may, by regulation, modify the wording of  
39 any notice required by this section for purposes of clarity,  
40 readability, and accuracy, except that a modification shall not

1 ~~change the substantive meaning of the notice. The addition or~~  
2 ~~correction of a telephone number or Internet Web site may be~~  
3 ~~implemented by guidance and shall not require the adoption of a~~  
4 ~~regulation.~~

5 ~~SEC. 10.~~

6 *SEC. 8.* No reimbursement is required by this act pursuant to  
7 Section 6 of Article XIII B of the California Constitution because  
8 the only costs that may be incurred by a local agency or school  
9 district will be incurred because this act creates a new crime or  
10 infraction, eliminates a crime or infraction, or changes the penalty  
11 for a crime or infraction, within the meaning of Section 17556 of  
12 the Government Code, or changes the definition of a crime within  
13 the meaning of Section 6 of Article XIII B of the California  
14 Constitution.