AMENDED IN ASSEMBLY JUNE 24, 2014

AMENDED IN SENATE APRIL 30, 2014

AMENDED IN SENATE APRIL 7, 2014

SENATE BILL No. 1176

Introduced by Senator Steinberg

February 20, 2014

An act to add Section 1367.0061 to the Health and Safety Code, and to add Section 10112.281 to the Insurance Code, relating to health care coverage.

LEGISLATIVE COUNSEL'S DIGEST

SB 1176, as amended, Steinberg. Health care coverage: cost sharing: ~~tracking.~~ *monitoring.*

Existing law, the Knox-Keene Health Care Service Plan Act of 1975, provides for the licensure and regulation of health care service plans by the Department of Managed Health Care. A willful violation of the act is a crime. Existing law provides for the regulation of health insurers by the Department of Insurance. Existing law requires a *health care service* plan or *health* insurer to limit annual out-of-pocket expenses for all covered benefits, as specified.

~~This bill would require a health care service plan or health insurer to be responsible for monitoring the accrual of out-of-pocket costs. The bill would require a health care service plan or health insurer to track the accumulation of cost sharing for covered essential health benefits attributed to in-network providers, and would prohibit those entities from requiring consumers to track or monitor those costs. The bill would require a plan or insurer to accept claims from the provider or the consumer with respect to cost sharing for out-of-network providers who~~

~~are providing certain emergency services or otherwise providing covered benefits. The bill would also require a plan or insurer to notify each enrollee or insured, within 30 days, when his or her cost sharing has reached the maximum annual out-of-pocket limit for covered essential health benefits and to reimburse an enrollee or insured within 30 days of receiving a claim for cost sharing paid in excess of the maximum annual out-of-pocket limit. The bill would require that the enrollee or insured have the opportunity to review the accrual of cost sharing and provide additional information regarding cost sharing that should be credited to the out-of-pocket limit. Because a willful violation of the bill's provisions by a health care service plan would be a crime, the bill would impose a state-mandated local program.~~

This bill would require a health care service plan or health insurer to be responsible for monitoring the accrual of out-of-pocket costs toward the annual out-of-pocket limit. The bill would require a health care service plan or health insurer, for cost sharing attributed to in-network providers, including contracted vendors, that count toward the annual limit on out-of-pocket costs, to be solely responsible for monitoring the accrual of out-of-pocket costs and prohibit the health care service plan or health insurer from requiring the consumer to track or monitor the accumulation of cost sharing for covered essential health benefits attributed to in-network providers, including contracted vendors. The bill would require a health care service plan or health insurer to accept claims from the provider or information from the consumer with respect to cost sharing for out-of-network providers who are providing certain emergency services or otherwise providing covered benefits arranged by the health care service plan or health insurer subject to the annual limit on out-of-pocket expenses. The bill would also require the health care service plan or health insurer, if the cost sharing for covered essential health benefits attributable to an enrollee or insured exceeds the maximum annual out-of-pocket limits, to reimburse the enrollee or insured no later than 5 working days after the health care service plan or health insurer is required to reimburse the claim or notify the claimant that the claim is contested or denied. The bill would require that the enrollee or insured have the opportunity to review the accrual of cost sharing and provide additional information regarding cost sharing that should be accrued to the out-of-pocket limit. Because a willful violation of the bill's provisions by a health care service plan would be a crime, the bill would impose a state-mandated local program.

This bill would make these provisions applicable to nongrandfathered individual and group health care service plans, specialized health care service plans that provide coverage for essential health benefits, nongrandfathered individual and group health insurers, and specialized health insurers that provide coverage for essential health benefits.

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:

SECTION 1. Section 1367.0061 is added to the Health and Safety Code, immediately following Section 1367.006, to read:

1367.0061. (a) This section shall apply to nongrandfathered individual and group health care service plans and to specialized health care service plans that provide coverage for essential health benefits, as defined in Section 1367.005, and that are issued, amended, or renewed on or after January 1, 2015.

(b) The health care service plan shall be responsible for monitoring *the* accrual of out-of-pocket costs ~~as defined~~ *toward the annual limit on out-of-pocket costs as provided* in Section 1367.006.

~~(c) The health care service plan shall track the accumulation of cost sharing for covered essential health benefits attributed to in-network providers, including contracted vendors. The plan shall not require consumers to track or monitor the accumulation of cost sharing for covered essential health benefits attributed to in-network providers, including contracted vendors.~~

(1) For cost sharing attributed to in-network providers, including contracted vendors, that count toward the annual limit on out-of-pocket costs, the health care service plan shall be solely responsible for monitoring the accrual of out-of-pocket costs and shall not require consumers to track or monitor the accumulation of cost sharing for covered essential health benefits attributed to in-network providers, including contracted vendors.

~~(d)~~

(2) For cost sharing attributed to out-of-network providers who are providing emergency services consistent with Section 1371.4 or *cost sharing for out-of-network providers* otherwise providing covered ~~benefits,~~ *benefits arranged by the health care service plan,* subject to the annual limit on out-of-pocket expenses as specified in Section 1367.006, the health care service plan shall accept claims from the provider or *information from* the consumer with respect to cost sharing.

~~(e)~~

(c) If the cost sharing for covered essential health benefits attributable to an enrollee exceeds the maximum annual out-of-pocket limits, the health care service plan shall ~~be responsible for reimbursing the individual within 30 days of receipt of claims information.~~ *reimburse the enrollee no later than five working days after the health care service plan is required to reimburse the claim or notify the claimant that the claim is contested or denied, as specified in Section 1371.*

~~(f) Within 30 days, the health care service plan shall notify each enrollee when the enrollee's cost sharing has reached the maximum annual out-of-pocket limit for covered essential health benefits.~~

(d) If the cost sharing for covered essential health benefits attributable to an enrollee meets or exceeds the maximum annual out-of-pocket limits, the health care service plan shall notify the enrollee no later than five working days after the health care service plan is required to reimburse the claim or notify the claimant that the claim is contested or denied, as specified in Section 1371.

~~(g)~~

(e) The enrollee shall have the opportunity to review the accrual of cost sharing and provide additional information regarding cost sharing that should be accrued to the annual out-of-pocket limit.

~~(h)~~

(f) Nothing in this section shall be construed as requiring the enrollee to determine or identify when the maximum annual out-of-pocket limit for covered benefits has been reached.

SEC. 2. Section 10112.281 is added to the Insurance Code, immediately following Section 10112.28, to read:

10112.281. (a) This section shall apply to nongrandfathered individual and group health insurers and to specialized health insurers that provide coverage for essential health benefits, as

defined in Section 10112.27, and that are issued, amended, or renewed on or after January 1, 2015.

(b) The health insurer shall be responsible for monitoring *the* accrual of out-of-pocket costs ~~as defined~~ *toward the annual limit on out-of-pocket costs as provided* in Section 10112.28.

~~(c) The health insurer shall track the accumulation of cost sharing for covered essential health benefits attributed to in-network providers, including contracted vendors. The insurer shall not require consumers to track or monitor the accumulation of cost sharing for covered essential health benefits attributed to in-network providers, including contracted vendors.~~

(1) For cost sharing attributed to in-network providers, including contracted vendors, that count toward the annual limit on out-of-pocket costs, the health insurer shall be solely responsible for monitoring the accrual of out-of-pocket costs and shall not require consumers to track or monitor the accumulation of cost sharing for covered essential health benefits attributed to in-network providers, including contracted vendors.

~~(d)~~

(2) For cost sharing attributed to out-of-network providers who are providing emergency services consistent with Section 10112.7 or otherwise providing covered ~~benefits,~~ *benefits arranged by the health insurer,* subject to the annual limit on out-of-pocket expenses as specified in Section 10112.28, the health insurer shall accept claims from the provider or *information from* the consumer with respect to cost sharing.

~~(e)~~

(c) If the cost sharing for covered essential health benefits attributable to an insured exceeds the maximum annual out-of-pocket limits, the health insurer shall ~~be responsible for reimbursing the individual within 30 days of receipt of claims information.~~ *reimburse the insured no later than five working days after the health insurer is required to reimburse the claim or notify the claimant that the claim is contested or denied, as specified in Section 10123.13.*

~~(f) Within 30 days, the health insurer shall notify each insured when the insured's cost sharing has reached the maximum annual out-of-pocket limit for covered essential health benefits.~~

(d) If the cost sharing for covered essential health benefits attributable to an insured meets or exceeds the maximum annual

out-of-pocket limits, the health insurer shall notify the insured no later than five working days after the health insurer is required to reimburse the claim or notify the claimant that the claim is contested or denied, as specified in Section 10123.13.

~~(g)~~

(e) The insured shall have the opportunity to review the accrual of cost sharing and provide additional information regarding cost sharing that should be accrued to the annual out-of-pocket limit.

~~(h)~~

(f) Nothing in this section shall be construed as requiring the insured to determine or identify when the maximum annual out-of-pocket limit for covered benefits has been reached.

SEC. 3. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

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