News

In California

State Senate Passes Bill that Threatens Self Insured Plans

The California Senate passed a bill (SB 1431) that would set guidelines for stop-loss carriers when selling policies to small employers with two to 50 employees. The bill would prohibit companies from excluding employees on the basis of health status and ensure that policies purchased by small employers are renewed.

Commissioner Dave Jones said, "Without SB 1431, small group insurance premiums could rise to unsustainable levels for small businesses...Stop-loss carriers could also cherry-pick younger and healthier employees." Jones notes that 15 states regulate minimum attachment points in stop-loss policies. Three other states prohibit the sale of such policies to small groups altogether, Jones noted. The bill is authored by Senate Democratic Caucus Chair Kevin de LeÛn (D-Los Angeles) and sponsored by Commissioner Dave Jones and the California Department of Insurance.

Mark Reynolds, RHU of BEN-E-LECT says that if the bill is passed, "If you work for an employer with 49 employees then you will no longer have access to the same health plans as employers with 51 employees."

The bill would do the following:

- Exempt multiple employer welfare arrangements.
- Require a stop-loss insurance carrier to offer coverage to all employees and dependents of a small employer to which it issues a policy.
- Prohibit the carrier from excluding any employee or dependent on the basis of actual or expected health status-related factors.
- Require the carrier to renew all policies at the option of the employer, .
- Prohibit a policy from containing certain individual or aggregate attachment points for a policy year.

According to http://www.defeatsb1431.com, the bill would do the following:

- Restrict the specific deductible to no less than $95,000 per member.
- Restrict the aggregate coverage to a formula of $19,000 times the number of covered members.

Although the bill passed, the Defeat SB 1431 group says it, "sees positive results from the grassroots efforts in the Senate and we are hopeful that continued grassroots efforts during the next stage of the legislative process will have an even greater effect and hopefully defeat the bill outright." For more information, visit www.insurance.ca.gov. To get a sample letter opposing the bill, visit http://www.defeatsb1431.com.

Assembly Passes Bill to Regulate Heath Care CO-OPs

The California State Assembly passed AB 1846, which would establish framework at the California Department of Insurance (CDI) to license consumer operated and oriented plans (CO-OPs). A CO-OP, which may be established under the Patient Protection and Affordable Care Act (ACA), is a new type of nonprofit health insurer or HMO that is designed to offer affordable health insurance options to individuals and small businesses. CO-OPs must be licensed as issuers in each state in which they operate. They are subject to state laws and regulations that apply to all similarly situated issuers.

The bill is authored by Assembly Member Richard Gordon (D-Menlo Park) and sponsored by Insurance Commissioner Dave Jones and the CDI. Jones said passage of the bill would allow California to participate in the program and get federal funding. "These CO-OPs provide value to consumers by returning surplus revenue to members in the form of lower premiums, lower-cost-sharing, and expanded benefits," he said. Under the ACA, those seeking to form a CO-OP may apply for the $3.8 billion in federal funds in the form of low interest loans. The bill now heads to the State Senate. For more information, visit www.insurance.ca.gov.

Assembly Passes Bill to Integrate Healthcare Regulations

The California State Assembly passed a bill that would require health insurers to notify the Department of Insurance at least 75 days before terminating a provider group or hospital contract. This would allow the Department to review the notices to be mailed to consumers and act if the insurer fails to maintain an adequate provider network. At least 60 days before cancelling a contract with the medical provider group or hospital, health insurers would be required to send a written notice to all policyholders who've undergone treatment with that entity during the past six months. The measure is intended to help prevent consumers from unknowingly seeking care that will have higher (out-of-network) costs than expected.

AB 2152 would also align the Insurance Code and sections of the Knox-Keene Act, which is the Health and Safety Code used by the Department of Managed Health Care. The Insurance Code authorizes health insurers to contract with providers to offer services at alternative rates of payment. These contracts are the basis of provider networks in PPOs. "This bill provides for a level competitive environment and will ensure that consumers receive equivalent, strong consumer protections whether they purchase a health insurance product that is regulated by the Department of Insurance or the Department of Managed Health Care," said Assembly Member Mike Eng.

In addition, the bill would require improved disclosure of the benefits in a health insurance policy, a description of any limitations on the policyholder's choice of providers, and a statement of how reimbursements will be made to participating providers. The bill now heads to the State Senate for consideration.

State Senator Questions Consumer Watchdog Funding

Juan Vargas (D-San Diego) called on the California Department of Insurance to take action on a state program that allows consumer groups to intervene in insurance rate cases. He plans to ask for a hearing on the program, according to The California Majority Report. According to the Department of Insurance, just one group has dominated the Insurance Department's intervenor program since Prop 103 was passed [Consumer Watchdog]. It has been the only group to participate since 2007 and has charged more than $6.2 million in fees. [Consumer Watchdog is behind a ballot that would give the state's insurance commissioner the authority to modify or deny excessive rate increases].

Long-Term Care

LTC Market Shows Encouraging Signs

Some carriers have withdrawn from the group long-term care (LTC) insurance market, fueling fears that the benefit might be losing favor. But the industry is merely adjusting and regrouping, according to a report by LTC Financial Partners LLC and EraNova Institute. Cameron Truesdell, CEO of LTCFP said, "There's a struggle going on between two types of the benefit, group LTC insurance and voluntary multi-life LTC insurance. Both have a future but multi-life is set to come on strong." With