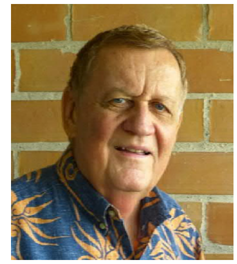
The 3 Most Important New Health Insurance Laws From the 2021 California Legislative Session



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& Past CAHU V-P of Legislation

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[these new laws take effect on January 1, 2022 - unless otherwise noted]

During this year's State Legislative Session, the CAHU Legislative Council closely tracked 13 key healthcare bills....of which:

3 were signed into law
1 was vetoed
9 became 2 year bills to be re-considered in January 2022 (must pass out of house of origin by 1/31/22 or they die

AB 570 - (Santiago) - Health Care Coverage for Dependent Parents
CAHU Position: Watch

Requires an individual health plan contract or health insurance policy issued, amended, or renewed on or after January 1, 2023, that provides dependent coverage to make dependent coverage available to a parent or stepparent who meets the definition of a "qualifying relative/dependent" under federal tax law and who lives or resides within the health plan's or insurer's service area.

Exempts specialized health plans, specialized health insurance, Medicare supplement insurance, CHAMPUS supplement insurance, or TRICARE supplement insurance, or to hospital-only, accident-only, or specified disease insurance policies that reimburse for hospital, medical, or surgical benefits.

The California Pan Ethnic Health Network writes even despite the ACA, communities of color are most likely to be uninsured. This is especially true for adults who are undocumented, who are excluded from Medi-Cal. This bill would give adults a much-needed tool to ensure their dependent parent(s) have health insurance especially at a time when their health needs change and increase.

According to the author, healthcare access for seniors was already an issue before the COVID-19 pandemic, but now we see an even more urgent need. This bill will provide health coverage to more Californians by ensuring dependent parents, including undocumented immigrants, are covered. By allowing adult children to add their dependent parents to their individual healthcare coverage, working families will save a significant amount each year on healthcare costs

According to California Insurance Commissioner Ricardo Lara, under this bill, dependent parents could be added onto their adult child's individual health insurance policy or health plan. Allowing dependent parents of adult children to be covered by the same health insurance policy or individual health plan would reduce overall health care costs for the family by pooling these costs and making coverage more affordable. Families that obtain coverage under a single individual health insurance policy or individual health plan enjoy the economic protection of a combined family out of pocket maximum limit. This means that their medical expenses are aggregated towards a maximum amount, rather than each family member having to meet a separate out of pocket maximum limit. In addition, families typically have a combined family deductible, rather than a single deductible that each family member must meet.

The California Association of Health Plans (CAHP) writes that they are concerned that this bill could significantly increase premiums to purchasers of health care coverage in the individual market. According to estimates from CHBRP, this bill will not only increase premiums from between $12-$48 million but will also increase cost-sharing paid by individuals. CAHP has concerns that this bill will only further increase the cost of health care coverage, particularly for families who buy coverage outside of Covered California. Additionally, CAHP is concerned that this proposal leaves many important questions unanswered with respect to how this bill would be implemented.

SB 255 - (Portantino) - Health Care Coverage for Employer Associations
CAHU Position: Neutral

This bill authorizes an association of employers to offer a large group health care service plan (health plan) contract or large group health insurance policy consistent with Employee Retirement Income Security Act of 1974 (ERISA) if certain requirements are met, including that the association is headquartered in this state, is a multiple employer welfare arrangement (MEWA) as defined under ERISA, and was established prior to March 23, 2010, and has been in continuous existence since that date.

It requires the large group health plan contract or health insurance policy to have provided a specified level of coverage as of January 1, 2019, and to include coverage for employees, and their dependents, who are employed in designated job categories on a project-by-project basis for one or more participating employers, with no single project exceeding six months in duration, and who, in the course of that employment, are not covered by another group health plan contract or group health insurance policy in which the employer participates.

It requires the MEWA and participating employers to have a genuine organizational relationship unrelated to the provision of health care benefits and would require the participating employers to have a commonality of interests from being in the same line of business, as specified.

It requires the MEWA, on or before June 1, 2022, to file an application for registration with the Department of Managed Health Care (DMHC) or the Department of Insurance (CDI), as applicable, and to annually file evidence of ongoing compliance with the bill's requirements with the applicable department.

It prohibits a health plan or health insurer, on or after June 1, 2022, from marketing, issuing, amending, renewing, or delivering large employer health care coverage or large employer health insurance coverage to a MEWA that provides benefits to a resident in this state unless the MEWA is registered and is in compliance with this bill or unless the MEWA filed an application for registration and the application is pending.

According to the Author, freelance employment is the backbone of the entertainment industry's employment practices. Because freelance filming crews are hired on a project-by-project basis and may have dozens of different production company employers over the course of a year, they have no means to qualify for regular employer benefits plans.

To fill this void, the Producers' Health Benefits Plan (PHBP), a fully insured, employer sponsored health plan, was formed to provide high quality health benefits at no cost to nearly 1,200 eligible California W-2 common law employees of the television commercial production industry. However, due to recently enacted legislation, these freelancers are now in jeopardy of losing this insurance. This bill will prevent this from happening by allowing the PHBP to continue but only if it meets the high standards that new law was intended to uphold.

SB 718 - (Bates) - Small Employer Group Healthcare Coverage
CAHU Position: Neutral

According to the Author, this bill is critical to the ability of small life science companies being able to attract top talent in a very competitive labor market. It allows small life science companies to join together in a fully insured multiple-employer agreement (as allowed by ERISA) under specified conditions, including that benefits offered must be actuarially equivalent to the platinum level of the California Health Benefit Exchange. The MEWA plan also must be offered through an insurance carrier licensed by the CDI or an HMO licensed by the DMHC. The author concludes that this allows small emerging companies to compete with global biopharmaceutical or medical device companies for talent by not asking an employee to sacrifice quality of health coverage for the opportunity to work at a small, innovative company, the very companies that are fueling California's expanding economy.