

ASSEMBLY BILL

No. 1214

**Introduced by Assembly Member Emmerson
(Coauthors: Assembly Members Keene, Nakanishi, and Villines)**

February 23, 2007

An act to add Section 1367.08 to the Health and Safety Code, and to add Section 10119.3 to the Insurance Code, relating to health care coverage.

LEGISLATIVE COUNSEL'S DIGEST

AB 1214, as introduced, Emmerson. Waiver of benefits.

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. Existing law also provides for the regulation of insurers by the Department of Insurance. Under existing law, a plan and a health insurer are required to include or offer to include specified benefits in their plan contracts or policies.

This bill would allow a health care service plan contract and a health insurance policy, on and after July 1, 2008, to be issued, renewed, or amended without certain of those specified benefits that the applicant, contractholder, or policyholder has waived. The bill would require the Director of the Department of Managed Health Care and the Insurance Commissioner to prepare a disclosure form prior to July 1, 2008, summarizing the benefits a plan and insurer are required to include in their plan contracts or policies and those that may be waived. The bill would require the applicant, contractholder, or policyholder to designate in the disclosure form the benefits he or she is waiving and to acknowledge his or her understanding, as specified, of the disclosure's contents.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

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

1 SECTION 1. This act shall be known, and may be cited as,
 2 The Freedom to Choose Health Benefits Act of 2007.

3 SEC. 2. Section 1367.08 is added to the Health and Safety
 4 Code, to read:

5 1367.08. (a) Notwithstanding any other provision of law, on
 6 and after July 1, 2008, a health care service plan that covers
 7 hospital, medical, or surgical expenses on an individual or group
 8 basis, may issue a plan contract that does not include one or more
 9 of the benefits described in subdivision (b) or may amend or renew
 10 a plan contract to delete one or more of those benefits, if the
 11 applicant or the contractholder waives the benefit pursuant to
 12 subdivision (d).

13 (b) The benefits that may be waived pursuant to subdivision (a)
 14 are those described in Sections 1367.06, 1367.18, 1367.19, 1367.2,
 15 1367.21, 1367.22, 1367.25, 1367.3, 1367.35, 1367.4, 1367.45,
 16 1367.51, 1367.54, 1367.6, 1367.61, 1367.62, 1367.63, 1367.635,
 17 1367.64, 1367.65, 1367.66, 1367.665, 1367.67, 1367.68, 1367.69,
 18 1367.7, 1367.71, 1367.8, 1367.9, 1367.11, 1367.215, 1367.22,
 19 1367.24, 1368.2, 1368.5, 1370.6, 1373.4, 1374.17 1374.55,
 20 1374.56, and 1374.72.

21 (c) The director, in consultation with the Insurance
 22 Commissioner, shall prepare a disclosure form prior to July 1,
 23 2008, that is easily understood and that summarizes the benefits
 24 a health care service plan is required to include in its plan contract
 25 under this chapter and the benefits that may be waived under this
 26 section.

27 (d) The applicant or the contractholder shall sign the disclosure
 28 described in subdivision (c), specifying the benefits he or she
 29 waives and indicating the plan has explained the contents of the
 30 disclosure and that he or she understands them before the plan
 31 contract may be issued, amended, or renewed without one or more
 32 of the benefits described in subdivision (b).

33 SEC. 3. Section 10119.3 is added to the Insurance Code, to
 34 read:

1 10119.3. (a) Notwithstanding any other provision of law, on
2 and after July 1, 2008, a health insurance policy that covers
3 hospital, medical, or surgical expenses on an individual or group
4 basis, may issue a policy that does not include one or more of the
5 benefits described in subdivision (b) or may amend or renew a
6 policy to delete one or more of those benefits, if the applicant or
7 policyholder waives the benefit pursuant to subdivision (d).

8 (b) The benefits that may be waived pursuant to subdivision (a)
9 are those described in Sections 10119.6, 10119.8, 10119.9,
10 10122.1, 10123.10, 10123.141, 10123.15, 10123.18, 10123.184,
11 10123.185, 10123.195, 10123.196, 10123.2, 10123.21, 10123.5,
12 10123.55, 10123.6, 10123.7, 10123.8, 10123.81, 10123.82,
13 10123.83, 10123.86, 10123.87, 10123.88, 10123.89, 10123.9,
14 10125, 10126.6, 10127.3, 10145.2, and 10176.61.

15 (c) The commissioner, in consultation with the Director of the
16 Department of Managed Health Care, shall prepare a disclosure
17 form prior to July 1, 2008, that is easily understood and that
18 summarizes the benefits a health insurer is required to include in
19 its policy under this code and the benefits that may be waived
20 under the section.

21 (d) The applicant or policyholder shall sign the disclosure
22 described in subdivision (c), specifying the benefits he or she
23 waives and indicating the insurer has explained the contents of the
24 disclosure and that he or she understands them before the policy
25 may be issued, amended, or renewed without one or more of the
26 benefits described in subdivision (b).