

Introduced by Senator PanFebruary 18, 2021

An act to add Section 1342.75 to the Health and Safety Code, and to add Section 10123.1934 to the Insurance Code, relating to health care coverage.

LEGISLATIVE COUNSEL'S DIGEST

SB 568, as introduced, Pan. Deductibles: chronic disease management.

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, 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, in accordance with the federal Patient Protection and Affordable Care Act, requires a health care service plan or health insurance issuer offering coverage in the individual or small group market to ensure that the coverage includes the essential health benefits package and defines this package to mean coverage that, among other requirements, includes preventive and wellness services and chronic disease management. Existing law, with respect to those individual or group health care service plan contracts and health insurance policies, prohibits the copayment, coinsurance, or any other form of cost sharing for a covered outpatient prescription drug for an individual prescription from exceeding \$250, as specified. Existing law requires a health care service plan contract that covers hospital, medical, or surgical expenses to include coverage for certain equipment and supplies for the management and treatment of various types of diabetes as medically necessary, even if those items are available without a prescription.

This bill would prohibit a health care service plan contract or health insurance policy issued, amended, or renewed on or after January 1, 2022, from imposing a deductible requirement for a covered prescription drug and the above equipment and supplies, and would limit the amount paid for the benefit by an enrollee, subscriber, policyholder, or insured to no more than the amount of copayment or coinsurance specified in the applicable summary of benefits and coverage, as specified. This bill would prohibit a health care service plan contract or health insurance policy that meets the definition of a “high deductible health plan” under specified federal law from imposing a deductible requirement with respect to any covered benefit for preventive care, in accordance with that law. Because a violation of the requirements of the bill by a health care service plan 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 1342.75 is added to the Health and Safety
2 Code, to read:
3 1342.75. (a) Notwithstanding subdivision (a) of Section
4 1342.73 with respect to deductibles, an individual or group health
5 care service plan contract issued, amended, or renewed on or after
6 January 1, 2022, shall not impose a deductible requirement for a
7 covered prescription drug and for a benefit described in subdivision
8 (a) of Section 1367.51 used to treat a chronic disease. The amount
9 of cost sharing, if any, paid by an enrollee or a subscriber for those
10 drugs and benefits shall not exceed the amount of copayment or
11 coinsurance specified in the summary of benefits and coverage
12 and shall be consistent with other applicable provisions of this
13 article.
14 (b) A state-regulated “high deductible health plan,” under the
15 definition set forth in Section 223 of Title 26 of the United States
16 Code, shall not impose a deductible requirement with respect to

1 any covered benefit for preventive care identified by the Internal
2 Revenue Service, in accordance with Section 223(c)(2)(C) of Title
3 26 of the United States Code.

4 (c) This section does not require cost sharing for care that state
5 or federal law otherwise requires to be provided without cost
6 sharing.

7 (d) For purposes of this section, “chronic disease” means a
8 condition that lasts one year or longer and requires ongoing medical
9 attention, limits activities of daily living, or both.

10 SEC. 2. Section 10123.1934 is added to the Insurance Code,
11 to read:

12 10123.1934. (a) Notwithstanding subdivision (a) of Section
13 10123.1932 with respect to deductibles, an individual or group
14 health insurance policy issued, amended, or renewed on or after
15 January 1, 2022, shall not impose a deductible requirement for any
16 covered prescription drug and for a benefits described in
17 subdivision (a) of Section 10176.61 used to treat a chronic disease.
18 The amount of cost sharing, if any, paid by a policyholder or an
19 insured for those drugs and benefits shall not exceed the amount
20 of copayment or coinsurance specified in the summary of benefits
21 and coverage and shall be consistent with other applicable
22 provisions of this article.

23 (b) A state-regulated “high deductible health plan,” under the
24 definition set forth in Section 223 of Title 26 of the United States
25 Code, shall not impose a deductible requirement with respect to
26 any covered benefit for preventive care identified by the Internal
27 Revenue Service, in accordance with Section 223(c)(2)(C) of Title
28 26 of the United States Code.

29 (c) This section does not require cost sharing for care that state
30 or federal law otherwise requires to be provided without cost
31 sharing.

32 (d) For purposes of this section, “chronic disease” means a
33 condition that lasts one year or longer and requires ongoing medical
34 attention, limits activities of daily living, or both.

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

- 1 the Government Code, or changes the definition of a crime within
- 2 the meaning of Section 6 of Article XIII B of the California
- 3 Constitution.

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