

ASSEMBLY BILL

No. 1048

Introduced by Assembly Member Wicks

February 15, 2023

An act to amend Section 1385.02 of, and to add Section 1371.194 to, the Health and Safety Code, and to amend Section 10181.2 of, and to add Section 10120.41 to, the Insurance Code, relating to health care coverage.

LEGISLATIVE COUNSEL'S DIGEST

AB 1048, as introduced, Wicks. Dental benefits and rate review.

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's requirements a crime. Existing law provides for the regulation of health insurers by the Department of Insurance. Existing law imposes specified coverage and disclosure requirements on health care service plans and health insurers, including specialized plans and insurers, that cover dental services.

This bill, on and after January 1, 2024, would prohibit a health care service plan or health insurer that covers dental services, and a specialized health care service plan or health insurer that covers dental services, from issuing, amending, renewing, or offering a plan contract or policy that imposes a dental waiting period provision or preexisting condition provision, as defined, upon an enrollee or insured. On and after January 1, 2024, the bill also would require a health care service plan or health insurer to disclose, at the time of verification for patient eligibility, whether or not the enrollee's or insured's dental coverage is subject to regulation by the relevant department. Because a violation

of these requirements by a health care service plan would be a crime, the bill would impose a state-mandated local program.

Existing law establishes a process for the Department of Managed Health Care and the Department of Insurance to review proposed rate increases by health care service plans and health insurers in the individual or group market in California. Existing law excludes specialized health care service plan contracts and specialized health insurance policies, among others, from those provisions.

This bill would include health care service plan contracts and health insurance policies covering dental services, and specialized health care service plan contracts and specialized health insurance policies covering dental services, within those provisions. The bill would retain the exclusion with respect to specialized health care service plan contracts and specialized health insurance policies that do not provide dental services. The bill would require the Department of Managed Health Care and the Department of Insurance to establish the appropriate methodology, factors, and assumptions to determine whether a rate change for a specialized health care service plan contract or specialized health insurance policy covering dental services is unreasonable, or not justified, under the applicable requirements of the rate review provisions. By making specialized health care service plan contracts that provide dental services subject to these rate review provisions, the bill would expand the scope of a crime, thereby imposing 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 1374.194 is added to the Health and
- 2 Safety Code, to read:
- 3 1374.194. (a) The following definitions shall apply for
- 4 purposes of this section:

1 (1) “Dental waiting period provision” means a contract provision
2 that limits coverage for a specified period of time following an
3 enrollee’s effective date of coverage.

4 (2) “Health care service plan” means a health care service plan
5 that issues, sells, renews, or offers a plan contract covering dental
6 services or a specialized health care service plans covering dental
7 services.

8 (3) “Preexisting condition provision” means a contract provision
9 that excludes coverage for charges or expenses incurred during a
10 specified period following an enrollee’s effective date of coverage,
11 as to a condition for which dental advice, diagnosis, care or
12 treatment was recommended or received during a specified period
13 immediately preceding the effective date of coverage.

14 (b) On and after January 1, 2024, a health care service plan shall
15 not issue, amend, renew, or offer a plan contract that imposes a
16 dental waiting period provision or preexisting condition provision
17 upon an enrollee.

18 (c) On and after January 1, 2024, at the time of verification for
19 patient eligibility, a health care service plan shall disclose whether
20 or not the enrollee’s dental coverage is subject to regulation by
21 the department.

22 (d) This section does not apply to Medi-Cal dental managed
23 care contracts authorized under Chapter 7 (commencing with
24 Section 14000) and Chapter 8 (commencing with Section 14200)
25 of Part 3 of Division 9 of the Welfare and Institutions Code.

26 SEC. 2. Section 1385.02 of the Health and Safety Code is
27 amended to read:

28 1385.02. ~~This~~—(a) *This* article shall apply to a health care
29 service plan contract offered in the individual or group market in
30 ~~California~~. *California, including a health care service plan contract*
31 *covering dental services and a specialized health care service plan*
32 *contract covering dental services. However, this article shall not*
33 *apply to a nondental specialized health care service plan contract,*
34 *a Medicare supplement contract subject to Article 3.5 (commencing*
35 *with Section 1358.1), a health care service plan contract offered*
36 *in the Medi-Cal program (Chapter 7 (commencing with Section*
37 *14000) of Part 3 of Division 9 of the Welfare and Institutions*
38 *Code), a health care service plan contract offered in the California*
39 *Major Risk Medical Insurance Program (Part 6.5 (commencing*
40 *with Section 12700) of Division 2 of the Insurance Code), a health*

1 care service plan conversion contract offered pursuant to Section
 2 1373.6, a health care service plan contract offered to a federally
 3 eligible defined individual under Article 4.6 (commencing with
 4 Section 1366.35) or Article 10.5 (commencing with Section
 5 1399.801), or a Mexican prepaid health plan subject to Section
 6 1351.2. This article does not limit, impair, or interfere with the
 7 authority of the California Public Employees’ Retirement System,
 8 as set forth in Section 22794 of the Government Code and Article
 9 6 (commencing with Section 22850) of Part 5 of Division 5 of
 10 Title 2 of the Government Code.

11 *(b) The department shall establish the appropriate methodology,*
 12 *factors, and assumptions to determine whether a rate change for*
 13 *a specialized health care service plan contract covering dental*
 14 *services is unreasonable, or not justified, under the applicable*
 15 *requirements of this article.*

16 SEC. 3. Section 10120.41 is added to the Insurance Code, to
 17 read:

18 10120.41. (a) For purposes of this section, the following
 19 definitions shall apply:

20 (1) “Dental waiting period provision” means a contract provision
 21 that limits coverage for a specified period of time following an
 22 insured’s effective date of coverage.

23 (2) “Health insurer” means a health insurer that issues, sells,
 24 renews, or offers a plan contract covering dental services or a
 25 health insurance policy covering dental services.

26 (3) “Preexisting condition provision” means a contract provision
 27 that excludes coverage for charges or expenses incurred during a
 28 specified period following an insured’s effective date of coverage,
 29 as to a condition for which dental advice, diagnosis, care or
 30 treatment was recommended or received during a specified period
 31 immediately preceding the effective date of coverage.

32 (b) On and after January 1, 2024, a health insurer shall not issue,
 33 sell, renew, or offer a policy that imposes a dental waiting period
 34 provision or preexisting condition provision upon an insured.

35 (c) On and after January 1, 2024, at the time of verification for
 36 patient eligibility, a health insurer shall disclose whether or not
 37 the insured’s dental coverage is subject to regulation by the
 38 department.

39 (d) This section does not apply to Medi-Cal dental managed
 40 care contracts authorized under Chapter 7 (commencing with

1 Section 14000) and Chapter 8 (commencing with Section 14200)
2 of Part 3 of Division 9 of the Welfare and Institutions Code.

3 SEC. 4. Section 10181.2 of the Insurance Code is amended to
4 read:

5 10181.2. ~~This~~(a) *This* article shall apply to a health insurance
6 policy offered in the individual or group market in ~~California~~.
7 *California, including a health insurance policy covering dental*
8 *services and a specialized health insurance policy covering dental*
9 *services. However, this article shall not apply to a nondental*
10 *specialized health insurance policy, a Medicare supplement policy*
11 *subject to Article 6 (commencing with Section 10192.05), a health*
12 *insurance policy offered in the Medi-Cal program (Chapter 7*
13 *(commencing with Section 14000) of Part 3 of Division 9 of the*
14 *Welfare and Institutions Code), a health insurance policy offered*
15 *in the California Major Risk Medical Insurance Program (Part 6.5*
16 *(commencing with Section 12700)), a health insurance conversion*
17 *policy offered pursuant to Section 12682.1, a health insurance*
18 *policy offered to a federally eligible defined individual under*
19 *Chapter 9.5 (commencing with Section 10900), or a Mexican*
20 *prepaid health plan subject to Section 1351.2 of the Health and*
21 *Safety Code.*

22 (b) *The department shall establish the appropriate methodology,*
23 *factors, and assumptions to determine whether a rate change for*
24 *a specialized health insurance policy covering dental services is*
25 *unreasonable, or not justified, under the applicable requirements*
26 *of this article.*

27 SEC. 5. No reimbursement is required by this act pursuant to
28 Section 6 of Article XIII B of the California Constitution because
29 the only costs that may be incurred by a local agency or school
30 district will be incurred because this act creates a new crime or
31 infraction, eliminates a crime or infraction, or changes the penalty
32 for a crime or infraction, within the meaning of Section 17556 of
33 the Government Code, or changes the definition of a crime within
34 the meaning of Section 6 of Article XIII B of the California
35 Constitution.

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