An act to add Section 1358.25 to the Health and Safety Code, and to add Section 10192.25 to the Insurance Code, relating to health care coverage.

LEGISLATIVE COUNSEL'S DIGEST

SB 1236, as introduced, Blakespear. Medicare supplement coverage: open enrollment periods.

Existing federal law provides for the Medicare Program, which is a public health insurance program for persons 65 years of age and older and specified persons with disabilities who are under 65 years of age. Existing federal law specifies different parts of Medicare that cover specific services, such as Medicare Part B, which generally covers medically necessary services and supplies and preventive services. 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 federal law additionally provides for the issuance of Medicare supplement policies or certificates, also known as Medigap coverage, which are advertised, marketed, or designed primarily as a supplement to reimbursements under the Medicare Program for the hospital, medical, or surgical expenses of persons eligible for the Medicare Program, including coverage of Medicare deductible, copayment, or coinsurance amounts, as specified. Existing law, among other provisions, requires supplement benefit plans to be uniform in structure, language,
The Legislature finds and declares as follows:

(a) Existing state law requires insurance companies that sell Medicare supplement coverage, also known as Medigap coverage, to issue that insurance on a guaranteed-issue basis to eligible

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

1 SECTION 1. The Legislature finds and declares as follows:
2 (a) Existing state law requires insurance companies that sell
3 Medicare supplement coverage, also known as Medigap coverage,
4 to issue that insurance on a guaranteed-issue basis to eligible
individuals without adjusting premiums based on medical underwriting, as long as their applications are submitted within a one-time open enrollment period.

(b) The open enrollment period in the state is during the six-month window beginning when the individual is enrolled for benefits under Medicare Part B. After this open enrollment period, there is no guarantee that Medigap coverage will be issued to individuals with preexisting medical conditions unless the individual satisfies certain conditions, and even if the coverage is issued, the premium may be significantly higher.

(c) As a result, it is extremely difficult for individuals whose health conditions or financial situations may have changed after their open enrollment period to switch to another Medicare supplement coverage plan that is more suitable.

(d) It is, therefore, the intent of the Legislature in enacting this act to do both of the following:

(1) Establish an annual open enrollment for applicants, and require Medigap coverage issuers in California to accept an individual's application for coverage or an application to switch to another eligible plan during that period.

(2) Prohibit issuers from denying the applicant Medigap coverage or making any premium rate distinctions due to any of the following:

(A) Health status.
(B) Claims experience.
(C) Medical condition.
(D) Whether the applicant is receiving health care services.

SEC. 2. Section 1358.25 is added to the Health and Safety Code, to read:

1358.25. (a) On and after January 1, 2025, an issuer of Medicare supplement coverage in this state shall not deny or condition the issuance or effectiveness of any Medicare supplement coverage contract available for sale in the state, or discriminate in the pricing of the contract because of the health status, claims experience, receipt of health care, medical condition, or age of an applicant, if an application for that coverage is submitted at either of the following times:

(1) Before or during the six-month period beginning with the first day of the month in which an individual first enrolled for
benefits under Medicare Part B, as described in subdivision (a) of
Section 1358.11.
(2) During an annual open enrollment period, including, but not
limited to, the open enrollment period established in subdivision
(b) of this section.
(b) An individual enrolled in Medicare Part B is entitled to a
90-day annual open enrollment period beginning on January 1 of
each year, as described in this section.
(1) During the open enrollment period established pursuant to
this subdivision, applications shall be accepted for any Medicare
supplement coverage available from an issuer.
(2) The open enrollment period established pursuant to this
section is a guaranteed issue period.
SEC. 3. Section 10192.25 is added to the Insurance Code, to
read:
10192.25. (a) On and after January 1, 2025, an issuer of
Medicare supplement coverage in this state shall not deny or
condition the issuance or effectiveness of any Medicare supplement
coverage policy or certificate available for sale in the state, or
discriminate in the pricing of the policy or certificate because of
the health status, claims experience, receipt of health care, medical
condition, or age of an applicant, if an application for that coverage
is submitted at either of the following times:
(1) Before or during the six-month period beginning with the
first day of the month in which an individual first enrolled for
benefits under Medicare Part B, as described in subdivision (a) of
Section 10192.11.
(2) During an annual open enrollment period, including, but not
limited to, the open enrollment period established in subdivision
(b) of this section.
(b) An individual enrolled in Medicare Part B is entitled to a
90-day annual open enrollment period beginning on January 1 of
each year, as described in this section.
(1) During the open enrollment period established pursuant to
this subdivision, applications shall be accepted for any Medicare
supplement coverage available from an issuer.
(2) The open enrollment period is a guaranteed issue period.
SEC. 4. No reimbursement is required by this act pursuant to
Section 6 of Article XIIIB of the California Constitution because
the only costs that may be incurred by a local agency or school
district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.