

AMENDED IN SENATE JUNE 30, 2011

AMENDED IN ASSEMBLY MAY 27, 2011

AMENDED IN ASSEMBLY MAY 10, 2011

AMENDED IN ASSEMBLY APRIL 14, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 792

**Introduced by Assembly Member Bonilla
(Coauthor: Assembly Member Huffman)**

February 17, 2011

An act to add Sections 2024.7 and 8613.7 to the Family Code, to add Sections 1366.50 and 1366.51 to the Health and Safety Code, to add Sections 10786 and 10787 to the Insurance Code, to amend Section 2800.2 of the Labor Code, and to add Sections 1342.5 and 2706.5 to the Unemployment Insurance Code, relating to health care coverage.

LEGISLATIVE COUNSEL'S DIGEST

AB 792, as amended, Bonilla. Health care coverage: California Health Benefit Exchange.

Existing law, the federal Patient Protection and Affordable Care Act, requires each state to, by January 1, 2014, establish an American Health Benefit Exchange that makes available qualified health plans to qualified individuals and employers. Existing state law establishes the California Health Benefit Exchange within state government, specifies the powers and duties of the board governing the Exchange relative to determining eligibility for enrollment in the Exchange and arranging for coverage under qualified health plans, and requires the board to facilitate the

purchase of qualified health plans through the Exchange by qualified individuals and small employers by January 1, 2014.

Existing law, the Knox-Keene Health Care Service Plan Act of 1975, provides for the 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 imposes specified requirements on health care service plans and health insurers that provide medical and hospital coverage under an employer-sponsored group plan for an employer, employee association, or other entity subject to requirements under COBRA or Cal-COBRA, as defined, and imposes specified requirements on those employers, employee associations, or other entities to notify its current and former employees or members and dependents of continuation coverage and conversion coverage options upon specified events. Existing law regulates the distribution of unemployment compensation or disability benefits by the Employment Development Department. Existing law, ~~under the Family Code~~, sets forth procedures related to a petition for dissolution of marriage, nullity of marriage, or legal separation, or a petition for adoption.

This bill would require the disclosure of information on health care coverage through the California Health Benefit Exchange, under specified circumstances, by health care service plans, health insurers, employers, employee associations or other entities, the Employment Development Department, upon an initial claim for disability benefits, or, on and after January 1, 2013, by the court, upon the filing of a petition for dissolution of marriage, nullity of marriage, legal separation, or adoption.

On and after January 1, 2014, this bill would also require specified health care service plans and health insurers to, upon the failure of an enrollee or insured to renew his or her health coverage, as specified, or upon termination of coverage under an employer-sponsored group plan, and the Employment Development Department with regard to an applicant for unemployment compensation, transfer specified information to the California Health Benefit Exchange for purposes of enrolling those individuals or applicants in the Exchange. The bill would make the automatic enrollment of those individuals in the Exchange subject to the plan or insurer, or employer, employee association, or other entity, obtaining the *written* consent of the individual at the time the individual or employer-sponsored group plan contract or policy is

issued, amended, delivered, or renewed, as specified, *or upon a qualifying event, as defined.* The bill would make the automatic enrollment of those individuals by the Employment Development Department subject to the Exchange receiving approval from the United States Department of Health and Human Services to transfer the minimum information necessary to initiate an application for enrollment, as specified, and provide that enrollment by the department is only operative to the extent that it is funded out of non-General Fund moneys. *The bill would require the Employment Development Department to maintain a link on its Internet Web site to the Internet Web site of the Exchange and information on the Exchange.* The bill would allow an individual ~~who is enrolled in~~ *whose information has been transferred* to the Exchange under those provisions to ~~opt out of that coverage in writing to discontinue his or her application for enrollment with the~~ Exchange, as specified.

Because a willful violation of the bill’s provisions relative to health care service plans 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 2024.7 is added to the Family Code, to
2 read:
3 2024.7. On and after January 1, 2013, upon the filing of a
4 petition for dissolution of marriage, nullity of marriage, or legal
5 separation, the court shall provide to the petitioner and the
6 respondent the following notice:
7
8 ~~“If you do not have affordable health care coverage, effective~~
9 ~~January 1, 2014, you may obtain health care coverage through the~~
10 ~~California Health Benefit Exchange. What you pay for coverage~~
11 ~~through the Exchange will depend on how much you make. If your~~
12 ~~income is low, you may qualify for no-cost coverage through~~

1 ~~Medi-Cal. For more information, check www.healthcare.ca.gov~~
2 ~~or call 1-888-Healthhelp (insert telephone number).”~~

3 *“In March of 2010, the federal government passed national*
4 *health care reform. Because of this, effective January 1, 2014, you*
5 *may become eligible for reduced-cost comprehensive health care*
6 *coverage through the California Health Benefit Exchange. To*
7 *learn more, visit www.healthexchange.ca.gov or call 1-888-(insert*
8 *telephone number).”*

9

10 SEC. 2. Section 8613.7 is added to the Family Code, to read:
11 8613.7. On and after January 1, 2013, upon the filing of a
12 petition for adoption pursuant to this part, the court shall provide
13 to the petitioner the following notice:

14

15 ~~“If you do not have affordable health care coverage, effective~~
16 ~~January 1, 2014, you may obtain health care coverage through the~~
17 ~~California Health Benefit Exchange. What you pay for coverage~~
18 ~~through the Exchange will depend on how much you make. If your~~
19 ~~income is low, you may qualify for no-cost coverage through~~
20 ~~Medi-Cal. For more information, check www.healthcare.ca.gov~~
21 ~~or call 1-888-Healthhelp (insert telephone number).”~~

22 *“In March of 2010, the federal government passed national*
23 *health care reform. Because of this, effective January 1, 2014, you*
24 *may become eligible for reduced-cost comprehensive health care*
25 *coverage through the California Health Benefit Exchange. To*
26 *learn more, visit www.healthexchange.ca.gov or call 1-888-(insert*
27 *telephone number).”*

28

29 SEC. 3. Section 1366.50 is added to the Health and Safety
30 Code, to read:

31 1366.50. (a) (1) Except for a specialized health care service
32 plan, every health care service plan contract that is issued,
33 amended, delivered, or renewed in this state on or after January
34 1, 2014, that provides medical and hospital coverage under an
35 employer-sponsored group plan for an employer subject to
36 COBRA, as defined in subdivision (e) of Section 1373.621, or an
37 employer group for which the plan is required to offer Cal-COBRA
38 coverage, as defined in subdivision (f) of Section 1373.621,
39 including a carrier providing replacement coverage under Section
40 1399.63, shall, consistent with this section, transfer information

1 to the Exchange in order to initiate an application for enrollment
2 for a former employee or former dependent of an employee. At
3 the time that the health care service plan contract is issued,
4 amended, delivered, or renewed on or after January 1, 2012, the
5 *for a qualified beneficiary upon a qualifying event.*

6 (2) *Prior to the transfer of the information to the Exchange, the*
7 health care service plan shall obtain the *written* consent of the
8 enrollee to provide the minimum necessary information to the
9 Exchange ~~in the event that the individual or dependent ceases to~~
10 ~~be enrolled in coverage under an employer-sponsored group plan.~~
11 If the individual does not provide his or her consent, the health
12 care service plan shall not transfer any information regarding that
13 individual to the Exchange. *Consent may be obtained at the time*
14 *of the qualifying event.*

15 (b) (1) The health care service plan shall provide to the
16 California Health Benefit Exchange information regarding the
17 former employee and any dependents covered under the group
18 coverage. The information provided shall include the name or
19 names, most recent address, and any other information that is in
20 the possession of the plan and that the Exchange may require *in*
21 *order to determine eligibility, facilitate enrollment in coverage,*
22 *and maximize continuity of care, and shall be provided* in a manner
23 to be prescribed by the Exchange. The information shall be
24 provided in a manner consistent with Section 1411 of the federal
25 Patient Protection and Affordable Care Act (Public Law 111-148)
26 *and consistent with other state and federal medical privacy laws.*

27 (2) The provision of this information shall initiate an application
28 for enrollment in coverage within the meaning of Section 100503
29 of the Government Code. *Nothing in this section shall be construed*
30 *to alter the responsibility of the Exchange or other state and local*
31 *government entities with respect to the criteria and process for*
32 *eligibility and enrollment in the Exchange and other public health*
33 *care coverage programs.*

34 (c) (1) On and after January 1, 2012, until December 31, 2013,
35 the health care service plan shall provide the following notification
36 ~~to employees, members, former employees, spouses, or former~~
37 ~~spouses:~~ *to qualified beneficiaries upon a qualifying event:*

38
39 “Please examine your options carefully before declining this
40 coverage. Until January 1, 2014, you should be aware that

1 companies selling individual health insurance to adults who are
2 19 years of age or older typically require a review of your medical
3 history that could result in a higher premium or you could be denied
4 coverage entirely. Effective January 1, 2010, children under 19
5 years of age cannot be denied individual coverage based on medical
6 history, but may pay a higher premium depending on medical
7 history.”

8
9 (2) On and after January 1, 2014, notification provided to
10 employees, members, former employees, dependents, or former
11 dependents *qualified beneficiaries upon a qualifying event* shall
12 also include the following notification in 12-point type:

13
14 ~~“Because you are no longer enrolled in coverage provided by
15 your employer or the employer of a family member, an application
16 for health care coverage through the California Health Benefit
17 Exchange has been made for you. You are not required to accept
18 coverage from the Exchange. Your payment for this coverage will
19 be based on your income last year. If you make significantly less
20 or more this year than you made last year, please tell the California
21 Health Benefit Exchange and your charges will be based on your
22 current income. If your income is low, you may qualify for no-cost
23 coverage through Medi-Cal. For more information, check
24 www.healthcare.ca.gov or call 1-888-Healthhelp (insert telephone
25 number).”~~

26 *“In March of 2010, the federal government passed national
27 health care reform. Because of this, you may be eligible for
28 reduced-cost comprehensive health care coverage through the
29 California Health Benefit Exchange. Because you are losing your
30 coverage from your employer or the employer of a family member,
31 an application will be sent to the California Health Benefit
32 Exchange to make it easier for you to get health care coverage.*

33 *Eligibility for reduced-cost coverage through the California
34 Health Benefit Exchange or no-cost coverage through Medi-Cal
35 is based on your income. You will be contacted by the Exchange
36 to complete the application. You are not required to accept
37 coverage from the Exchange. To learn more, or to contact the
38 Exchange, visit www.healthexchange.ca.gov or call 1-888-(insert
39 telephone number).”*

40

1 ~~(3) To decline health care coverage from the Exchange pursuant~~
2 ~~to this section, the individual shall elect to do so by notifying the~~
3 ~~Exchange in writing within 63 calendar days of the date of~~
4 ~~termination of group coverage.~~

5 *(3) A person for whom an application for enrollment in the*
6 *Exchange has been initiated by the transfer of information under*
7 *this section shall be given the opportunity to provide informed*
8 *consent to use the transferred information to commence eligibility*
9 *determination and complete enrollment as well as the opportunity*
10 *to correct any transferred information or provide additional*
11 *information before a final eligibility determination is made. If the*
12 *individual fails to consent or fails to respond to the opportunity*
13 *to consent within a reasonable period of time, that failure to*
14 *consent or to respond timely shall be construed as discontinuing*
15 *the application.*

16 *(d) For purposes of this section:*

17 *(1) "Qualified beneficiary" means any individual who, on the*
18 *day before the qualifying event, is an enrollee in a group benefit*
19 *plan offered by a health care service plan and who has a qualifying*
20 *event.*

21 *(2) "Qualifying event" means any of the following events that*
22 *would result in a loss of coverage under the group benefit plan to*
23 *a qualified beneficiary:*

24 *(A) The death of the covered employee.*

25 *(B) The termination of employment or reduction in hours of the*
26 *covered employee's employment.*

27 *(C) The divorce or legal separation of the covered employee*
28 *from the covered employee's spouse.*

29 *(D) The loss of dependent status by a dependent enrolled in the*
30 *group benefit plan.*

31 *(E) With respect to a covered dependent only, the covered*
32 *employee's entitlement to benefits under Title XVIII of the federal*
33 *Social Security Act.*

34 SEC. 4. Section 1366.51 is added to the Health and Safety
35 Code, to read:

36 1366.51. (a) ~~Except~~ *(1) On or after January 1, 2014, except*
37 *for a specialized health care service plan, every health care service*
38 *plan contract that is issued, amended, delivered, or renewed in this*
39 *state on or after January 1, 2014, that provides medical and hospital*
40 *coverage to an individual shall, in the individual market shall,*

1 consistent with this section, transfer information to the Exchange
2 in order to initiate an application for enrollment for a former
3 employee or former dependent of an employee. At the time that
4 the health care service plan contract is issued, amended, delivered,
5 or renewed on an individual at such time as the individual ceases
6 to be enrolled in coverage.

7 (2) On or after January 1, 2012, the health care service plan
8 shall obtain the *written* consent of the enrollee to provide the
9 minimum necessary information to the Exchange in the event that
10 the individual or dependent ceases to be enrolled in individual
11 coverage. If the individual does not provide his or her consent, the
12 health care service plan shall not transfer any information regarding
13 that individual to the Exchange. *Consent may be obtained at the*
14 *time of the qualifying event.*

15 (b) (1) The health care service plan shall provide to the
16 California Health Benefit Exchange information regarding the
17 former covered individual and any dependents that chose not to
18 renew individual coverage. The information provided shall include
19 the name or names, most recent address, and any other information
20 that is in the possession of the plan and that the Exchange may
21 require *in order to determine eligibility, facilitate enrollment in*
22 *coverage, and maximize continuity of care, and shall be provided*
23 *in a manner to be prescribed by the Exchange.* The information
24 shall be provided in a manner consistent with Section 1411 of the
25 federal Patient Protection and Affordable Care Act (Public Law
26 111-148) *and consistent with other state and federal medical*
27 *privacy laws.*

28 (2) The provision of this information shall initiate an application
29 for enrollment in coverage within the meaning of Section 100503
30 of the Government Code.

31 (c) (1) On and after January 1, 2014, the health care service
32 plan shall provide the following notification to individuals,
33 dependents, or former dependents *who cease to be enrolled in*
34 *individual coverage* in 12-point type:

35
36 ~~“Because you are no longer enrolled in coverage purchased by~~
37 ~~you as an individual or as the dependent of a family member, an~~
38 ~~application for health care coverage through the California Health~~
39 ~~Benefit Exchange has been made for you. You are not required to~~
40 ~~accept coverage from the Exchange. Your payment for coverage~~

1 will be based on your income last year. If you make significantly
2 less or more this year than you made last year, please tell the
3 California Health Benefit Exchange and your charges will be based
4 on your current income. If your income is low, you may qualify
5 for no-cost coverage through Medi-Cal. For more information,
6 check ~~www.healthcare.ca.gov~~ or call ~~1-888-Healthhelp~~ (insert
7 telephone number).”

8 *“In March of 2010, the federal government passed national*
9 *health care reform. Because of this, you may be eligible for*
10 *reduced-cost comprehensive health care coverage through the*
11 *California Health Benefit Exchange. Because you are losing your*
12 *coverage as an individual, an application will be sent to the*
13 *California Health Benefit Exchange to make it easier for you to*
14 *get health care coverage.*

15 *Eligibility for reduced-cost coverage through the California*
16 *Health Benefit Exchange or no-cost coverage through Medi-Cal*
17 *is based on your income. You will be contacted by the Exchange*
18 *to complete the application. You are not required to accept*
19 *coverage from the Exchange. To learn more, or to contact the*
20 *Exchange, visit ~~www.healthexchange.ca.gov~~ or call 1-888-(insert*
21 *telephone number).”*

22
23 ~~(2) To decline health care coverage from the Exchange pursuant~~
24 ~~to this section, the individual shall elect to do so by notifying the~~
25 ~~Exchange in writing within 63 calendar days of the date of~~
26 ~~termination of individual coverage.~~

27 *(2) A person for whom an application for enrollment in the*
28 *Exchange has been initiated by the transfer of information under*
29 *this section shall be given the opportunity to provide informed*
30 *consent to use the transferred information to commence eligibility*
31 *determination and complete enrollment as well as the opportunity*
32 *to correct any transferred information or provide additional*
33 *information before a final eligibility determination is made. If the*
34 *individual fails to consent or fails to respond to the opportunity*
35 *to consent within a reasonable period of time, that failure to*
36 *consent or to respond timely shall be construed as discontinuing*
37 *the application.*

38 *(d) Effective July 1, 2013, until July 1, 2020, the health care*
39 *service plan shall provide to individuals, dependents, or former*
40 *dependents with coverage in the individual market the following*

1 notification in 12-point type and prominently displayed in the
2 evidence of coverage:

3
4 “In March of 2010, the federal government passed national
5 health care reform. Because of this, as an individual buying your
6 own health insurance, in January 2014, you may become eligible
7 for reduced-cost comprehensive health care coverage through the
8 California Health Benefit Exchange. To learn more, please visit
9 www.healthexchange.ca.gov or call 1-888-(insert telephone
10 number).”

11
12 SEC. 5. Section 10786 is added to the Insurance Code, to read:

13 10786. (a) (1) Every health insurance policy that is issued,
14 amended, delivered, or renewed in this state on or after January
15 1, 2014, that provides medical and hospital coverage under an
16 employer-sponsored group plan for an employer subject to
17 COBRA, as defined in subdivision (e) of Section 10116.5, or an
18 employer group for which the plan is required to offer Cal-COBRA
19 coverage, as defined in subdivision (f) of Section 10116.5,
20 including a carrier providing replacement coverage under Section
21 10128.3, shall, consistent with this section, transfer information
22 to the Exchange in order to initiate an application for enrollment
23 for a former employee or former dependent of an employee. At
24 the time that the health insurance policy is issued, amended,
25 delivered, or renewed on or after January 1, 2012, the health insurer
26 for a qualified beneficiary upon a qualifying event.

27 (2) Prior to the transfer of the information to the Exchange, the
28 health insurer shall obtain the written consent of the insured to
29 provide the minimum necessary information to the Exchange in
30 the event that the individual or dependent ceases to be enrolled in
31 coverage under an employer-sponsored group plan. If the individual
32 does not provide his or her consent, the health insurer shall not
33 transfer any information regarding that individual to the Exchange.
34 Consent may be obtained at the time of the qualifying event.

35 (b) (1) The health insurer shall provide to the California Health
36 Benefit Exchange information regarding the former employee and
37 any dependents covered under the group coverage. The information
38 provided shall include the name or names, most recent address,
39 and any other information that is in the possession of the insurer
40 and that the Exchange may require in order to determine eligibility,

1 *facilitate enrollment in coverage, and maximize continuity of care,*
2 *and shall be provided* in a manner to be prescribed by the
3 Exchange. The information shall be provided in a manner
4 consistent with Section 1411 of the federal Patient Protection and
5 Affordable Care Act (Public Law 111-148) *and consistent with*
6 *other state and federal medical privacy laws.*

7 (2) The provision of this information shall initiate an application
8 for enrollment in coverage within the meaning of Section 100503
9 of the Government Code. *Nothing in this section shall be construed*
10 *to alter the responsibility of the Exchange or other state and local*
11 *government entities with respect to the criteria and process for*
12 *eligibility and enrollment in the Exchange and other public health*
13 *care coverage programs.*

14 (c) (1) On and after January 1, 2012, until December 31, 2013,
15 the health insurer shall provide the following notification to
16 ~~employees, members, former employees, spouses, or former~~
17 ~~spouses:~~ *qualified beneficiaries upon a qualifying event:*

18
19 “Please examine your options carefully before declining this
20 coverage. Until January 1, 2014, you should be aware that
21 companies selling individual health insurance to adults who are
22 19 years of age or older typically require a review of your medical
23 history that could result in a higher premium or you could be denied
24 coverage entirely. Effective January 1, 2010, children under 19
25 years of age cannot be denied individual coverage based on medical
26 history, but may pay a higher premium depending on medical
27 history.”

28
29 (2) On and after January 1, 2014, the health insurer shall provide
30 the following notification to ~~employees, members, former~~
31 ~~employees, dependents, or former dependents~~ *qualified*
32 *beneficiaries upon a qualifying event* in 12-point type:

33
34 ~~“Because you are no longer enrolled in coverage provided by~~
35 ~~your employer or the employer of a family member, an application~~
36 ~~for health care coverage through the California Health Benefit~~
37 ~~Exchange has been made for you. You are not required to accept~~
38 ~~coverage from the Exchange. Your payment for this coverage will~~
39 ~~be based on your income last year. If you make significantly less~~
40 ~~or more this year than you made last year, please tell the California~~

1 ~~Health Benefit Exchange and your charges will be based on your~~
2 ~~current income. If your income is low, you may qualify for no-cost~~
3 ~~coverage through Medi-Cal. For more information, check~~
4 ~~www.healthcare.ca.gov or call 1-888-Healthhelp (insert telephone~~
5 ~~number).”~~

6 *“In March of 2010, the federal government passed national*
7 *health care reform. Because of this, you may be eligible for*
8 *reduced-cost comprehensive health care coverage through the*
9 *California Health Benefit Exchange. Because you are losing your*
10 *coverage from your employer or the employer of a family member,*
11 *an application will be sent to the California Health Benefit*
12 *Exchange to make it easier for you to get health care coverage.*

13 *Eligibility for reduced-cost coverage through the California*
14 *Health Benefit Exchange or no-cost coverage through Medi-Cal*
15 *is based on your income. You will be contacted by the Exchange*
16 *to complete the application. You are not required to accept*
17 *coverage from the Exchange. To learn more, or to contact the*
18 *Exchange, visit www.healthexchange.ca.gov or call 1-888-(insert*
19 *telephone number).”*

20

21 ~~(3) To decline health care coverage from the Exchange pursuant~~
22 ~~to this section, the individual shall elect to do so by notifying the~~
23 ~~Exchange in writing within 63 calendar days of the date of~~
24 ~~termination of group coverage.~~

25 *(3) A person for whom an application for enrollment in the*
26 *Exchange has been initiated by the transfer of information under*
27 *this section shall be given the opportunity to provide informed*
28 *consent to use the transferred information to commence eligibility*
29 *determination and complete enrollment as well as the opportunity*
30 *to correct any transferred information or provide additional*
31 *information before a final eligibility determination is made. If the*
32 *individual fails to consent or fails to respond to the opportunity*
33 *to consent within a reasonable period of time, that failure to*
34 *consent or to respond timely shall be construed as discontinuing*
35 *the application.*

36 *(d) For purposes of this section:*

37 *(1) “Qualified beneficiary” means any individual who, on the*
38 *day before the qualifying event, is an enrollee in a group benefit*
39 *plan offered by a health insurer and who has a qualifying event.*

1 (2) “Qualifying event” means any of the following events that
2 would result in a loss of coverage under the group benefit plan to
3 a qualified beneficiary:

4 (A) The death of the covered employee.

5 (B) The termination of employment or reduction in hours of the
6 covered employee’s employment.

7 (C) The divorce or legal separation of the covered employee
8 from the covered employee’s spouse.

9 (D) The loss of dependent status by a dependent enrolled in the
10 group benefit plan.

11 (E) With respect to a covered dependent only, the covered
12 employee’s entitlement to benefits under Title XVIII of the federal
13 Social Security Act.

14 SEC. 6. Section 10787 is added to the Insurance Code, to read:

15 10787. (a) ~~Every~~ (1) *On or after January 1, 2014, every health*
16 *insurance policy that is issued, amended, delivered, or renewed in*
17 *this state on or after January 1, 2014, that provides medical and*
18 *hospital coverage to an individual in the individual market shall,*
19 *consistent with this section, transfer information to the Exchange*
20 *in order to initiate an application for enrollment for a former*
21 *employee or former dependent of an employee. At the time that*
22 *the health insurance policy is issued, amended, delivered, or*
23 *renewed on for the individual at such time as the individual ceases*
24 *to be enrolled in coverage.*

25 (2) *On or after January 1, 2012, the health insurer shall obtain*
26 *the written consent of the insured to provide the minimum*
27 *necessary information to the Exchange in the event that the*
28 *individual or dependent ceases to be enrolled in individual*
29 *coverage. If the individual does not provide his or her consent, the*
30 *health insurer shall not transfer any information regarding that*
31 *individual to the Exchange. Consent may be obtained at the time*
32 *of the qualifying event.*

33 (b) (1) The health insurer shall provide to the California Health
34 Benefit Exchange information regarding the former covered
35 individual and any dependents that chose not to renew individual
36 coverage. The information provided shall include the name or
37 names, most recent address, and any other information that is in
38 the possession of the insurer and that the Exchange may require
39 *in order to determine eligibility, facilitate enrollment in coverage,*
40 *and maximize continuity of care, and shall be provided in a manner*

1 to be prescribed by the Exchange. The information shall be
2 provided in a manner consistent with Section 1411 of the federal
3 Patient Protection and Affordable Care Act (Public Law 111-148)
4 *and consistent with other state and federal medical privacy laws.*

5 (2) The provision of this information shall initiate an application
6 for enrollment in coverage within the meaning of Section 100503
7 of the Government Code.

8 (c) (1) On and after January 1, 2014, the health insurer shall
9 provide the following notification to individuals, dependents, or
10 former dependents *who cease to be enrolled in individual coverage*
11 *in 12-point type:*

12
13 ~~“Because you are no longer enrolled in coverage purchased by
14 you as an individual or as the dependent of a family member, an
15 application for health care coverage through the California Health
16 Benefit Exchange has been made for you. You are not required to
17 accept coverage from the Exchange. Your payment for coverage
18 will be based on your income last year. If you make significantly
19 less or more this year than you made last year, please tell the
20 California Health Benefit Exchange and your charges will be based
21 on your current income. If your income is low, you may qualify
22 for no-cost coverage through Medi-Cal. For more information,
23 check www.healthcare.ca.gov or call 1-888-Healthhelp (insert
24 telephone number).”~~

25 *“In March of 2010, the federal government passed national
26 health care reform. Because of this, you may be eligible for
27 reduced-cost comprehensive health care coverage through the
28 California Health Benefit Exchange. Because you are losing your
29 coverage as an individual, an application will be sent to the
30 California Health Benefit Exchange to make it easier for you to
31 get health care coverage.*

32 *Eligibility for reduced-cost coverage through the California
33 Health Benefit Exchange or no-cost coverage through Medi-Cal
34 is based on your income. You will be contacted by the Exchange
35 to complete the application. You are not required to accept
36 coverage from the Exchange. To learn more, or to contact the
37 Exchange, visit www.healthexchange.ca.gov or call 1-888-(insert
38 telephone number).”*

39

1 ~~(2) To decline health care coverage from the Exchange pursuant~~
2 ~~to this section, the individual shall elect to do so by notifying the~~
3 ~~Exchange in writing within 63 calendar days of the date of~~
4 ~~termination of individual coverage.~~

5 *(2) A person for whom an application for enrollment in the*
6 *Exchange has been initiated by the transfer of information under*
7 *this section shall be given the opportunity to provide informed*
8 *consent to use the transferred information to commence eligibility*
9 *determination and complete enrollment as well as the opportunity*
10 *to correct any transferred information or provide additional*
11 *information before a final eligibility determination is made. If the*
12 *individual fails to consent or fails to respond to the opportunity*
13 *to consent within a reasonable period of time, that failure to*
14 *consent or to respond timely shall be construed as discontinuing*
15 *the application.*

16 *(d) Effective July 1, 2013, until July 1, 2020, the health insurer*
17 *shall provide the following notification to individuals, dependents,*
18 *or former dependents with coverage in the individual market, the*
19 *following notification in 12-point type and prominently displayed*
20 *in the evidence of coverage:*

21
22 *“In March of 2010, the federal government passed national*
23 *health care reform. Because of this, as an individual buying your*
24 *own health insurance, in January 2014, you may become eligible*
25 *for reduced-cost comprehensive health care coverage through the*
26 *California Health Benefit Exchange. To learn more, please visit*
27 *www.healthexchange.ca.gov or call 1-888-(insert telephone*
28 *number).”*

29
30 SEC. 7. Section 2800.2 of the Labor Code is amended to read:

31 2800.2. (a) Any employer, employee association, or other
32 entity otherwise providing hospital, surgical, or major medical
33 benefits to its employees or members is solely responsible for
34 notification of its employees or members of the conversion
35 coverage made available pursuant to Part 6.1 (commencing with
36 Section 12670) of Division 2 of the Insurance Code or Section
37 1373.6 of the Health and Safety Code. At the time that the health
38 care service plan contract or health insurance policy is issued,
39 amended, delivered, or renewed on or after January 1, 2012, the
40 employer, employee association, or other entity shall obtain the

1 *written* consent of the enrollee or insured to provide the minimum
2 necessary information to the Exchange in the event that the
3 individual or dependent ceases to be enrolled in coverage under
4 this section. If the individual does not provide his or her consent,
5 the employer, employee association, or other entity shall not
6 transfer any information regarding that individual to the Exchange.

7 (1) The employer, employee association, or other entity
8 otherwise providing hospital, surgical, or major medical benefits
9 to its employees or members shall provide to the California Health
10 Benefit Exchange information regarding the former employee and
11 any dependents covered under the group coverage. The information
12 provided shall include the name or names, most recent address,
13 and any other information that is in the possession of the employer,
14 employee association, or other entity and that the Exchange may
15 require in a manner to be prescribed by the Exchange. The
16 information shall be provided in a manner consistent with Section
17 1411 of the federal Patient Protection and Affordable Care Act
18 (Public Law 111-148) *and consistent with other state and federal*
19 *medical privacy laws.*

20 (2) The provision of this information shall initiate an application
21 for enrollment in coverage within the meaning of Section 100503
22 of the Government Code.

23 (b) Any employer, employee association, or other entity, whether
24 private or public, that provides hospital, medical, or surgical
25 expense coverage that a former employee may continue under
26 Section 4980B of Title 26 of the United States Code, Section 1161
27 et seq. of Title 29 of the United States Code, or Section 300bb of
28 Title 42 of the United States Code, as added by the Consolidated
29 Omnibus Budget Reconciliation Act of 1985 (Public Law 99-272),
30 and as may be later amended (hereafter “COBRA”), shall, in
31 conjunction with the notification required by COBRA that COBRA
32 continuation coverage will cease and conversion coverage is
33 available, and as a part of the notification required by subdivision
34 (a), also notify the former employee, spouse, or former spouse of
35 the availability of the continuation coverage under Section
36 1373.621 of the Health and Safety Code and Sections 10116.5 and
37 11512.03 of the Insurance Code.

38 (c) (1) On or after July 1, 2006, until January 1, 2012,
39 notification provided to employees, members, former employees,

1 spouses, or former spouses under subdivisions (a) and (b) shall
2 also include the following notification:

3
4 “Please examine your options carefully before declining this
5 coverage. You should be aware that companies selling individual
6 health insurance typically require a review of your medical history
7 that could result in a higher premium or you could be denied
8 coverage entirely.”

9
10 (2) On and after January 1, 2012, until December 31, 2013, the
11 employer, employee association, or other entity shall provide the
12 following notification to employees, members, former employees,
13 spouses, or former spouses under subdivisions (a) and (b):

14
15 “Please examine your options carefully before declining this
16 coverage. *In March of 2010, the federal government enacted*
17 *national health care reform.* Until January 1, 2014, you should be
18 aware that companies selling individual health insurance to adults
19 who are 19 years of age or older typically require a review of your
20 medical history that could result in a higher premium or you could
21 be denied coverage entirely. Effective January 1, 2010, children
22 under 19 years of age cannot be denied individual coverage based
23 on medical history but may pay a higher premium depending on
24 medical history.”

25
26 (3) On and after January 1, 2014, the employer, employee
27 association, or other entity shall provide the following notification
28 to employees, members, former employees, spouses, or former
29 spouses under subdivisions (a) and (b):

30
31 ~~“Because you are no longer enrolled in coverage, an application~~
32 ~~for health care coverage through the California Health Benefit~~
33 ~~Exchange has been made for you. You are not required to accept~~
34 ~~coverage from the Exchange. You will be charged for Exchange~~
35 ~~coverage based on your income last year. If you make significantly~~
36 ~~less or more this year than you made last year, please tell the~~
37 ~~California Health Benefit Exchange and your charges will be based~~
38 ~~on your current income. If your income is low, you may qualify~~
39 ~~for no-cost coverage through Medi-Cal. For more information,~~

1 ~~check www.healthcare.ca.gov or call 1-888-Healthhelp (insert~~
 2 ~~telephone number).”~~

3 *“In March of 2010, the federal government passed national*
 4 *health care reform. Because of this, you may be eligible for*
 5 *reduced-cost comprehensive health care coverage through the*
 6 *California Health Benefit Exchange. Because you are losing your*
 7 *coverage from your employer or from the employer of a family*
 8 *member, an application will be sent to the California Health*
 9 *Benefit Exchange to make it easier for you to get health care*
 10 *coverage.*

11 *Eligibility for low-cost coverage through the California Health*
 12 *Benefit Exchange or no-cost coverage through Medi-Cal is based*
 13 *on your income. You will be contacted by the Exchange to complete*
 14 *the application. You are not required to accept coverage from the*
 15 *Exchange. To learn more, or to contact the Exchange, visit*
 16 *www.healthexchange.ca.gov or call 1-888-(insert telephone*
 17 *number).”*

18
 19 ~~(d) To decline health care coverage through the Exchange~~
 20 ~~pursuant to this section, the individual shall elect to do so by~~
 21 ~~notifying the Exchange in writing within 63 calendar days of the~~
 22 ~~date of termination of individual coverage.~~

23 *(d) A person for whom an application for enrollment in the*
 24 *Exchange has been initiated by the transfer of information under*
 25 *this section shall be given the opportunity to provide informed*
 26 *consent to use the transferred information to commence eligibility*
 27 *determination and complete enrollment as well as the opportunity*
 28 *to correct any transferred information or provide additional*
 29 *information before a final eligibility determination is made. If the*
 30 *individual fails to consent or fails to respond to the opportunity*
 31 *to consent within a reasonable period of time, that failure to*
 32 *consent or to respond timely shall be construed as discontinuing*
 33 *the application.*

34 SEC. 8. Section 1342.5 is added to the Unemployment
 35 Insurance Code, to read:

36 1342.5. (a) On and after January 1, 2014, when an individual
 37 files a new claim for unemployment compensation under this
 38 chapter, the department shall do all of the following:

39 (1) (A) Provide to the California Health Benefit Exchange the
 40 name, address, and any other identifying information that is in the

1 possession of the department as the Exchange may require in a
2 manner to be prescribed by the Exchange. To maximize the number
3 of individual Californians complying with the requirements of the
4 federal Patient Protection and Affordable Care Act (Public Law
5 111-148) by obtaining coverage consistent with the provisions of
6 federal law, the Exchange shall seek approval from the United
7 States Department of Health and Human Services to transfer the
8 minimum information necessary to initiate an application for
9 enrollment under this section consistent with Section 100503 of
10 the Government Code.

11 (B) The provision of this information shall initiate an application
12 for enrollment in coverage within the meaning of Section 100503
13 of the Government Code.

14 (2) Provide the following notice to the individual:

15
16 ~~“Because you have applied for unemployment compensation,
17 an application for health care coverage through the California
18 Health Benefit Exchange has been made for you. You are not
19 required to accept coverage from the Exchange. You will be
20 charged for Exchange coverage based on your income last year.
21 If you make significantly less or more this year than you made last
22 year, please tell the California Health Benefit Exchange and your
23 charges will be based on your current income. If your income is
24 low, you may qualify for no-cost coverage through Medi-Cal. For
25 more information, check www.healthcare.ca.gov or call
26 1-888-Healthhelp (insert telephone number).”~~

27 *“In March of 2010, the federal government passed national
28 health care reform. Because of this, you may be eligible for
29 reduced-cost comprehensive health care coverage through the
30 California Health Benefit Exchange. Because you are no longer
31 employed and may need health coverage, an application will be
32 sent to the California Health Benefit Exchange to make it easier
33 for you to get health care coverage.*

34 *Eligibility for low-cost coverage through the California Health
35 Benefit Exchange or no-cost coverage through Medi-Cal is based
36 on your income. You will be contacted by the Exchange to complete
37 the application. You are not required to accept coverage from the
38 Exchange. To learn more, or to contact the Exchange, visit
39 www.healthexchange.ca.gov or call 1-888-(insert telephone
40 number).”*

1

~~(b) To decline health care coverage through the Exchange pursuant to this section, the individual shall elect to do so by notifying the Exchange in writing.~~

5

(b) A person for whom an application for enrollment in the Exchange has been initiated by the transfer of information under this section shall be given the opportunity to provide informed consent to use the transferred information to commence eligibility determination and complete enrollment as well as the opportunity to correct any transferred information or provide additional information before a final eligibility determination is made. If the individual fails to consent or fails to respond to the opportunity to consent within a reasonable period of time, that failure to consent or to respond timely shall be construed as discontinuing the application.

16

(c) The department shall provide on its Internet Web site a link to the Internet Web site of the California Health Benefit Exchange and a notice that low-cost or no-cost health care coverage may be obtained through the Exchange for those who are unemployed or disabled.

21

(d) The department may, by regulation, modify the wording of any notice required by this section for purposes of clarity, readability, and accuracy, except that a modification shall not change the substantive meaning of the notice. The addition or correction of a telephone number or Internet Web site may be implemented by guidance and shall not require the adoption of a regulation.

28

~~(e)~~

29

(e) This section shall be implemented consistent with federal guidance and shall be operative only to the extent that it is funded out of non-General Fund moneys.

32

SEC. 9. Section 2706.5 is added to the Unemployment Insurance Code, to read:

34

2706.5. (a) ~~When~~*Effective January 1, 2013, when* an individual files a new claim for disability benefits under this part, the department shall provide the following notice to the individual:

37

38

~~“If you do not have affordable health care coverage, effective January 1, 2014, you may obtain health care coverage through the California Health Benefit Exchange. What you pay for coverage~~

39

40

1 through the Exchange will depend on how much you make. If your
2 income is low, you may qualify for no-cost coverage through
3 Medi-Cal. For more information, check www.healthcare.ca.gov
4 or call 1-888-Healthhelp (insert telephone number).”

5 *“In March of 2010, the federal government passed national*
6 *health care reform. Because of this, if you do not have other health*
7 *coverage, in January 2014, you may become eligible for*
8 *reduced-cost comprehensive health care coverage through the*
9 *California Health Benefit Exchange. To learn more, please visit*
10 *www.healthexchange.ca.gov or call 1-888-(insert telephone*
11 *number).”*

12
13 (b) This notice shall be provided upon initial application whether
14 or not the individual is eligible for disability benefits.

15 (c) *The department may, by regulation, modify the wording of*
16 *any notice required by this section for purposes of clarity,*
17 *readability, and accuracy, except that a modification shall not*
18 *change the substantive meaning of the notice. The addition or*
19 *correction of a telephone number or Internet Web site may be*
20 *implemented by guidance and shall not require the adoption of a*
21 *regulation.*

22 SEC. 10. No reimbursement is required by this act pursuant to
23 Section 6 of Article XIII B of the California Constitution because
24 the only costs that may be incurred by a local agency or school
25 district will be incurred because this act creates a new crime or
26 infraction, eliminates a crime or infraction, or changes the penalty
27 for a crime or infraction, within the meaning of Section 17556 of
28 the Government Code, or changes the definition of a crime within
29 the meaning of Section 6 of Article XIII B of the California
30 Constitution.