



CALIFORNIA LEGISLATIVE SUMMARY: EMPLOYEE BENEFITS 2021 END OF SESSION

October 10, 2021 was the deadline for Governor Newsom to sign all legislation sent to him at the end of the 2021 legislative session. While this year was a relatively quiet one for California legislation concerning group health plans, a few new laws are worth noting. Below, we have summarized the newly passed state laws that impact health benefits.

AB 570 — DEPENDENT PARENT HEALTH CARE COVERAGE

Effective for individual coverage issued or renewed on or after January 1, 2023, AB 570 will require individual market health plans that provide dependent coverage to make dependent coverage available to a qualified dependent parent or stepparent. This requirement does not apply to employer-provided group health plans, Medicare supplement insurance, hospital-only, accident-only, or specific disease insurance.

SB 221 — HEALTH CARE COVERAGE: TIMELY ACCESS TO CARE

This bill codifies regulations adopted by the Department of Managed Health Care (DMHC) and the Department of Insurance (CDI) to provide timely access standards for fully insured health plans in the coverage of nonemergency health care services. Beginning July 1, 2022, it will require a fully insured health plan (including a Medi-Cal managed care plan) to ensure that an insured that is undergoing a course of treatment for an ongoing mental health (MH) or substance use disorder (SUD) condition is able to get a follow-up appointment with a nonphysician MH care or SUD provider within 10 business days of the prior appointment. It requires that a referral to a specialist by another provider meet the timely access standards. It requires the health plan to arrange coverage outside the plan's contracted network if a health plan is operating in a service area that has a shortage of providers and is not able to meet the geographic and timely access standards for providing MH or SUD services with an in-network provider.

SB 255 — HEALTH CARE COVERAGE: EMPLOYER ASSOCIATIONS

SB 255 authorizes an association of employers to offer a large group health plan consistent with Employee Retirement Income Security Act of 1974 (ERISA) if certain requirements are met, including that the association is headquartered in this state, is a multiple employer welfare arrangement (MEWA) as defined under ERISA, and was established prior to March 23, 2010, and has been in continuous existence since that date. The law requires the large group health plan to have provided a specified level of coverage as of January 1, 2019, and to include coverage for employees, and their dependents, who are employed in designated job categories on a project-by-project basis for one or more participating employers, with no single project exceeding six months in duration, and who, in the course of that employment, are not covered by another group health plan contract or group health insurance policy in which the employer participates. It also requires the MEWA and participating employers to have a genuine organizational relationship unrelated to the provision of health care benefits and



would require the participating employers to have a commonality of interests from being in the same line of business. This law, which was sponsored by the Producers' Health Benefits Plan is intended to allow certain freelancers in the television and motion picture industries to continue to obtain coverage through the plan.

SB 280 — HEALTH INSURANCE: LARGE GROUP HEALTH INSURANCE

This law requires a large group health insurance policy issued, amended, or renewed on or after July 1, 2022, to cover medically necessary basic health care services, which must include at a minimum all of the following:

- Hospital inpatient services and ambulatory care services
- Diagnostic laboratory and diagnostic and therapeutic radiologic services
- Home health services
- Preventive health services
- Emergency health care services, including ambulance and ambulance transport services and out-of-area coverage
- Hospice care that is, at a minimum, equivalent to hospice care provided by the federal Medicare Program and implementing regulations adopted for hospice care
- Out-of-area coverage as coverage while an insured is anywhere outside the service area of the applicable network, and to also include coverage for urgently needed services to prevent serious deterioration of an insured's health resulting from unforeseen illness or injury for which treatment cannot be delayed until the insured returns to the service area

The law also codifies in the California Insurance code the Affordable Care Act's prohibition on discriminatory large group health insurance benefit designs and marketing practices. These provisions essentially bring the requirements of the Insurance Code in line with similar requirements required of managed care plans under the Health and Safety Code. We do not anticipate that this change will have a material impact on our clients' group health plans.

AB 237 (CHAPTER 740, STATUTES OF 2021) — PUBLIC EMPLOYMENT: UNFAIR PRACTICES: HEALTH PROTECTION

This law will prohibit public employers from terminating, or threatening to terminate, the health care coverage and related benefits of employees and their families during an authorized strike, and grants the Public Employee Relations Board jurisdiction to enforce this prohibition.

The legislature will return to Sacramento to begin the 2022 session on January 3, 2022.

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