

Assessing California's Response to Federal Health Care Reform

California has amended a number of laws to be compliant with health care reform. Implication: Even if federal law were repealed or ruled unconstitutional, a number of regulatory rules from health care reform would remain in effect in California.

Provision of Federal Legislation	California Law	Implication if Federal Law is Repealed/Ruled Unconstitutional
Health Exchanges	AB1602/SB900: Established California Health Benefit Exchange. Requires newly created management board to apply for funds from federal government to run the exchange. Must also maintain electronic clearinghouse of coverage available in individual and small group markets if federal internet portal does not adequately present information to facilitate fair and affirmative marketing.	Technically, the exchange and its governing board shall exist regardless of the federal law. There likely would be budget implications if federal government is not providing funds to support the exchange. Under the law, the board (even without federal support) would still be obligated to set up an electronic portal that presents information on all individual and small group plans available in the state.
High Risk Pools (PCIP)	AB1887/SB227: Establishes the Federal Temporary High Risk Health Insurance Fund to operate the high risk pool. Law says that the state is not liable beyond the assets of the fund for any obligations incurred or liabilities sustained. Fund remains in existence to Jan. 1, 2020.	Technically, the fund would continue to exist but not have any monies to operate the high risk pool. Presumably, federal high risk pool would cease to operate without federal support. State run MRMIP would not be affected. Unclear what rights PCIP enrollees might have if PCIP were defunded (e.g., HIPAA conversion plan).
Coverage for Children	AB2244/SB1088: Prohibits exclusion or limitation of coverage for children (under 19) due to pre-existing condition (with some limited exceptions). Limits premium rate that can be charged for the child, eventually (as of 2014) capping the premium at the standard risk rate.	Because this law is regulatory in nature and does not depend on federal funding, it would presumably remain in full effect even if federal legislation were repealed.
Preventive Services	AB2345: Conforms CA law to require plans/insurers to follow rules under federal law regarding coverage of preventive services.	The language of the CA law links the provision specifically to rules and regulations established by the federal government as part of the health care reform law. If the federal law were repealed or ruled unconstitutional, there would be no federal rules with which to comply. Hence the CA law would be moot.
Rescission	AB2470: Prohibits health plans and insurers from rescinding a contract or policy, or otherwise limiting provisions of contract/policy, once an enrollee/insured is covered. (Exception occurs if plan/insurer can demonstrate that the enrollee committed fraud or intentionally misrepresented self during application.)	This bill is regulatory in nature and does not depend on federal funding. Presumably it would remain in force even if federal law was repealed or voided.
Health Coverage Denials, Premium Rates	SB1163: Must provide applicants with stated reasons for decision when health care plan/insurer denies coverage or offers coverage at rates higher than standard rate. Must provide 60 day notice when changing rates of individual insurance. Must file rate information Department of Managed Health Care or Department of Insurance.	As this bill is regulatory in nature and does not depend on federal funding, it would remain in force even if federal law were repealed or voided. The utility/benefit of the provision requiring stated reason for denial would be lessened if there were no federal high risk plan to which a person could then apply after the denial.