

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: May 12, 2010
POSITION: Oppose
SPONSOR: Health Access

BILL NUMBER: AB 2110
AUTHOR: H. De La Torre

BILL SUMMARY: Health Care Coverage: Grace Period for Premiums

This bill would require individual health care service plan contracts and individual health insurance policies issued, amended, or renewed on or after January 1, 2011 to provide a grace period of 50 days for the payment of premiums. This bill would make an enrollee or insured who fails to pay the premium during that period liable for any medical costs incurred during that period, as specified. This bill also would require plans and insurers to provide specified notice of the grace period upon issuance, amendment, or renewal of an individual contract or policy.

FISCAL SUMMARY

The Department of Insurance indicates any costs resulting from this bill would be minor and absorbable within existing resources.

COMMENTS

The Department of Finance is opposed to this bill because it could conflict with state implementation of national health care reform.

Existing law requires disability insurance policies to include a provision setting forth a grace period for making premium payments of no less than 7 days for weekly premium policies, no less than 10 days for monthly premium policies, and no less than 31 days for all other policies.

This bill would require individual health care service plan contracts and individual health insurance policies to provide a grace period of 50 days. This bill would specify the liability for medical costs incurred by an enrollee or insured who fails to pay the premium during that period. This bill also would require plans and insurers to provide notice of the grace period.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)							Fund Code	
	LA	(Dollars in Thousands)								
	CO	PROP	2010-2011		2011-2012		2012-2013			
RV	98	FC	FC	FC	FC	FC	FC	FC		
0845/Insurance	SO	No	----- No/Minor Fiscal Impact -----							0217
<u>Fund Code</u>	<u>Title</u>									
0217	Insurance Fund									

Analyst/Principal (0221) John Fitzpatrick	Date	Assistant Program Budget Manager Nona Martinez	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

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