

DEPARTMENT OF INSURANCE**Legal Division**

45 Fremont Street, 24th Floor
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**Guidance 2244:2**

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Pursuant to Assembly Bill 2244 (Chapter 656, Statutes 2010), the California Department of Insurance (CDI) issues the following guidance regarding compliance. Further guidance may be forthcoming in the future.

1. The CDI interprets California Insurance Code ("CIC") §10959(a) and 10959(b) to contain mistyped citations. Accordingly, CDI reads CIC §10959 as follows:
 - (a) All health benefit plans offered to a child or on behalf of a child to a responsible party for a child shall conform to the requirements of Section 10127.18, 12682.1, and ~~10273.4~~ 10273.6, and shall be renewable at the option of the child or responsible party for a child on behalf of the child except as permitted to be cancelled, rescinded or not renewed pursuant to Section ~~10273.4~~ 10273.6.
 - (b) Any carrier that ceases to offer for sale new individual health benefit plans pursuant to Section ~~10273.4~~ 10273.6 shall continue to be governed by this chapter with respect to business conducted under this chapter.
2. Every insurer that, as of 1/1/11, did not issue, on every policy form that it marketed, individual non-grandfathered insurance coverage to children under 19 years old (both child-only coverage and dependent coverage), shall so notify the Commissioner. Insurers shall notify the Commissioner no later than March 14, 2011. Such notification shall be filed on SERFF, with a copy sent to Leslie.Tick@insurance.ca.gov.

Every insurer that, as of 1/1/11, issued, on every policy form that it marketed, non-grandfathered individual insurance coverage to children under 19 years old (both child-only coverage and dependent coverage), and at some time thereafter, stopped issuing such coverage to children, or reduced the number of policy forms upon which it offered coverage to children, shall so notify the Commissioner. Insurers shall notify the Commissioner within 10 days of the time the insurer ceases or decreases its coverage offerings to children. Such notification shall be filed on SERFF, with a copy sent to Leslie.Tick@insurance.ca.gov.

Nothing in this Guidance affects an insurer's obligation to provide the Commissioner with a notice that it is closing a block of business pursuant to CIC §10176.10, CIC

§10273.6, or pursuant to any other California law.

3. The 20% surcharge allowed by CIC §10954(b)(2) must be based on the “highest allowable rate” for a child similarly situated to the insured child to whom the surcharge was charged – that is, a child of the same age, who lives in the same geographic region, and who has the same family composition and the same health benefit plan as the child to whom the surcharge is applied. If the child’s next Open Enrollment Period (“OEP”) (the month of the child’s birthday) occurs during the 12 month surcharge period, and if the insurer adjusts the child’s rate, the insurer must also adjust the surcharge to 20% of the new rate.
4. Prior to December 31, 2013, the notice required in CIC §10954(c) shall be sent to each policyholder at the time of sale, at the time the policy is issued, and at the time of yearly renewal.
5. For the purposes of CIC §10950(d)(1), a child who exhausts COBRA or Cal-COBRA continuation coverage is considered a late enrollee, and may apply for coverage with the premium rate protections applicable to late enrollees within 63 days from the date of the exhaustion of COBRA or Cal-COBRA coverage.