PRESS RELEASE

Thursday, August 25, 2016

GOVERNOR BROWN SIGNS LEGISLATION TO PROTECT PATIENTS FROM MID-YEAR COST-SHARING HIKES

- Today, Governor Brown Signed SB 923 (Hernandez) Prevents a Health Plan or Insurer from Changing Cost-Sharing Requirements During a Plan Year; Extends a Law Already in Place for Premium Increases
- Bill Received Strong Bipartisan Support in Both Legislative Houses, Helping Prevent Unfair & Unexpected Health Costs for Consumers
- Other Patient Protection Bills Passed Yesterday & Now Heading to the Governor’s Desk Includes SB908 (Hernandez) to Require Notice of Unreasonable Rate Hikes, and SB1135 (Monning), to Require Notice of Patients Right to Timely Appointments and Medical Interpreters.
- Still Pending is the Much-Lobbied AB72(Bonta, et al) to Stop Surprise Medical Bills When Patients Get Care In-Network; Bill Could Come Up for Senate Vote As Early As Tomorrow, Friday.

SACRAMENTO, CA—Today, California Governor Jerry Brown signed into law an important patient protection to prevent unexpected mid-year hikes in cost-sharing. SB 923 by Senator Hernandez prohibits a health plan or insurer from changing any cost sharing requirements (such as co-pays and deductibles) during a plan year, extending a law that is already in place for premium increases.

“It’s essential for consumers that they can plan and budget for their annual out-of-pocket expenses for medical services and prescription drugs, and not be blindsided but an unexpected increase in the middle of a plan year,” said Anthony Wright, executive director of Health Access California, the statewide health care consumer advocacy coalition and sponsor of the legislation. “This new law will give families peace of mind in the predictability of their health care costs.”

Prior to the implementation of Affordable Care Act in California, health plans routinely increased premiums multiple times in a year, as well as changed benefits and cost-sharing. California’s implementation of the Affordable Care Act now prevents these mid-year premium increases by enacting a “rate year” so the premium is the same for an entire year, so that the 2.3 million consumers who purchase their own coverage and the 11.8 million Californians who get coverage
through employment can predict their yearly health care costs, and make appropriate shopping comparisons during open enrollment. SB 923 extends this predictability and security to cost-sharing designs as well. Cost-sharing design refers to what the copays or coinsurance are for a specific benefit: for example, the copay for a generic drug is $10 or $25, the copay for the brand name drug is $20 or $50 while the coinsurance for a hospital stay is 20% of the cost.

The bill will take effect on January 1, 2017.

This is the first of several patient protection bills heading to the Governor’s desk, including two that passed the Legislature yesterday: SB908 (Hernandez), to require insurers to notify consumers if they are being charged a premium deemed unreasonable by a state regulator; and SB1135 (Monning), to inform patients of their rights to timely appointments and medical interpreters. Another much-lobbied, high-profile patient protection measure, AB72 (Bonta, et. al.) to stop surprise medical bills, is currently pending on the Senate floor.

Reference materials:
SB 923 Fact Sheet
2016 Patients’ Rights Agenda

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About Health Access California

Health Access California is the statewide health care consumer advocacy coalition, advocating for the goal of quality, affordable health care for all Californians. We represent consumers in the legislature, at administrative and regulatory agencies, in the media, and at public forums. For more information, please visit www.health-access.org.