
Edmund G. Brown Jr.
Governor

Brent A. Barnhart
*Director, Department of
Managed Health Care*

DATE: February 15, 2013

LETTER No. 13-K

**APPLICABILITY OF SB 1088 TO SPECIALIZED
HEALTH CARE SERVICE PLANS**

The purpose of this letter is to remind specialized health care service plans of their obligations concerning dependent coverage pursuant to SB 1088 (Stats. 2010, ch. 660) in anticipation of health plan filings relating to benefit changes taking effect in 2014. SB 1088 amended the Knox-Keene Health Care Service Plan Act of 1975 (Knox-Keene Act), to prohibit all health care service plans that provide dependent coverage from terminating that coverage before the child turns 26,¹ except in circumstances where an adult child is eligible to enroll in an employer-sponsored plan.² SB 1088 is applicable to all health care service plan contracts that provide dependent care coverage, including specialized health care service plans.³

All specialized health care service plans are directed to:

1. Review all current health plan documents to ensure that they are in compliance with SB 1088; and
2. By March 29, 2013, file any revised health plan documents with the Department's Division of Licensing as an Amendment to the health plans'

¹ Health & Saf. Code, § 1373(d)(5)(A) and (B).

² For plan years beginning before January 1, 2014, a group health care service plan contract that qualifies as a grandfathered health plan under Section 1251 of the federal Patient Protection and Affordable Care Act (Public Law 111-148) and that makes available dependent coverage of children may exclude an adult child who has not attained 26 years of age only if the child is eligible to enroll in an eligible employer-sponsored health plan, other than a group health plan of a parent. Health & Saf. Code, § 1373(d)(5)(B).

³ Health & Saf. Code, §§ 1343(a), 1373(d)(1) and (5)(A).

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license, demonstrating dependent coverage changes to bring their products into compliance.

The filing should highlight the changes in strikeout and underline or other methods as required by California Code of Regulations, title 28, section 1300.52(d).

If you have any questions or comments concerning the guidance issued in this letter, please contact Gary Baldwin at (916) 324-2560, GBaldwin@dmhc.ca.gov, or 980 Ninth Street, Suite 500, Sacramento, CA 95814.

By

A handwritten signature in black ink, appearing to read "Brent A. Barnhart", written over a horizontal line.

**Brent A. Barnhart,
Director**

Department of Managed Health Care