

AMENDED IN ASSEMBLY MARCH 13, 2025

CALIFORNIA LEGISLATURE—2025–26 REGULAR SESSION

ASSEMBLY BILL

No. 594

Introduced by Assembly Member Solache

February 12, 2025

An act to amend Section 10965.03 of the Insurance Code, relating to insurance.

LEGISLATIVE COUNSEL’S DIGEST

AB 594, as amended, Solache. Student health insurance.

Existing law, for policy years beginning on or after January 1, 2024, requires student health insurance coverage, as defined, to be considered individual health insurance coverage. Existing law, except as specified, requires a blanket disability insurance policy that meets the definition of student health insurance coverage to comply with insurance provisions that are applicable to nongrandfathered individual health insurance, including, among others, essential health benefits requirements and annual limits on out-of-pocket expenses. Existing law exempts student health insurance coverage from certain requirements otherwise applicable to health insurers and health benefit plans, including the establishment of specified enrollment periods, guaranteed availability and renewability, specified coverage level requirements, and single risk pool rating requirements. *Existing law requires a notice to be provided in the student health insurance enrollment materials stating that California requires residents and their dependents to obtain and maintain health coverage, either through student health insurance, or through a different method, including Medi-Cal, Covered California, or, if under 26 years of age, their parents coverage.*

~~This bill would make technical, nonsubstantive changes to these provisions.~~

This bill would authorize a student certificate holder to request to terminate their student health insurance coverage during the policy year if the student graduates or is no longer enrolled at the institution of higher education. The bill would require the request to be provided to the institution of higher institution at least 30 days before the effective date of termination and would authorize the student to pay only the premium through the date of the termination. The bill would, if a student requests a waiver from student health insurance, require the waiver to be granted if the student obtains or maintains health coverage through one of the alternative methods described in the required notice included in the student health insurance enrollment materials. The bill would prohibit charging the student a fee or premium if the waiver is granted.

Existing law requires a health insurer to file with the Department of Insurance all required rate information for grandfathered individual and specified group health insurance policies at least 120 days before implementing any rate change.

This bill would authorize the department to prohibit a requested rate change if the insurer fails to comply with the above-described timelines.

This bill would also authorize the Insurance Commissioner to exercise their existing authority to enforce the above-described provisions and prohibits a civil penalty, if assessed, from exceeding \$5,000 for each violation, or \$10,000 for a willful violation. The bill would also state the intent of the Legislature to encourage self-funded student health coverage offered by the University of California Student Health Insurance Plan and the University of California Voluntary Dependent Plan to maintain or exceed coverage standards of the federal Patient Protection and Affordable Care Act and to comply with the above described provisions.

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. *It is the intent of the Legislature to encourage*
- 2 *self-funded student health coverage offered by the University of*
- 3 *California Student Health Insurance Plan and the University of*
- 4 *California Voluntary Dependent Plan to maintain or exceed*
- 5 *coverage standards of the federal Patient Protection and*

Affordable Care Act. All other student health coverage offered by an institution of higher education in California shall comply with the provisions of this act.

SECTION 1.

SEC. 2. Section 10965.03 of the Insurance Code is amended to read:

10965.03. (a) For policy years beginning on or after January 1, 2024, a blanket disability insurance policy that meets the definition of student health insurance coverage as set forth in this section shall be considered individual health insurance coverage for purposes of subdivision (b) of Section 106.

(b) “Student health insurance coverage” is a blanket disability policy under paragraph (2) of subdivision (a) of Section 10270.2, that covers hospital, medical, or surgical benefits, that is provided pursuant to a written agreement between an institution of higher education, as defined in the federal Higher Education Act of 1965, and a disability insurance issuer, and provided to students enrolled in that institution of higher education and their dependents, that meets all of the following conditions:

(1) Does not make coverage available other than in connection with enrollment as a student, or as a dependent of a student, in the institution of higher education.

(2) Does not condition eligibility for the insurance coverage on any health status-related factor relating to a student or a dependent of a student.

(3) Does not condition eligibility, an offer, issuance, a sale, or a renewal for the insurance coverage on any factor other than enrollment as a student or dependent of a student in the institution of higher education.

(c) (1) (A) Except as otherwise expressly provided in this section, a blanket disability insurance policy that meets the definition of student health insurance coverage shall comply with the provisions of this code that are applicable to nongrandfathered individual health insurance, including, but not limited to, essential health benefits requirements as set forth in Section 10112.27, rating factors consistent with Section 10965.9, the annual limit on maximum out-of-pocket expenses as set forth in Section 10112.28, the prohibition against annual and lifetime limits under Section 10112.1, and all rules and regulations issued thereunder.

1 (B) *If a student certificate holder graduates or is no longer*
2 *enrolled at the institution of higher education, they may request*
3 *to terminate their student health insurance coverage during the*
4 *policy year. The request shall be provided to the institution of*
5 *higher education at least 30 calendar days before the effective*
6 *date of termination. If a student certificate holder, or dependent*
7 *of a student, chooses to terminate their student health insurance*
8 *coverage during the policy year, the student shall only pay the*
9 *premium through the date of their termination of coverage. A*
10 *student or dependent of a student shall not be liable for a premium*
11 *payment during the time that they are not enrolled in student health*
12 *insurance coverage.*

13 (2) Any reference to the insured in a blanket disability insurance
14 policy that meets the definition of student health insurance
15 coverage shall also refer to the individual students and dependents
16 insured under those policies.

17 (3) For the purposes of applying Sections 10123.81, 10123.84,
18 10123.87, 10123.135, 10123.194, 10278, 10354, 10965, and
19 10965.3 to student health insurance coverage, any reference to the
20 policyholder shall also refer to the individual students.

21 (d) A student, or dependent of a student, shall not be required
22 to purchase a blanket disability insurance policy if they have
23 minimum essential coverage that meets the requirements of the
24 Minimum Essential Coverage Individual Mandate under Section
25 100705 of the Government Code.

26 (e) The following provisions apply to student health insurance
27 coverage:

28 (1) Student health insurance coverage is exempt from laws
29 requiring guaranteed availability or guaranteed renewability, as
30 follows:

31 (A) Subdivision (f) of Section 10273.6 applies if the basis of
32 student health insurance coverage is enrollment in the institution
33 of higher education and an individual's enrollment in the institution
34 ceases.

35 (B) For purposes of Sections 10965.3 and 10965.4, a disability
36 insurance issuer that offers student health insurance coverage is
37 not required to accept individuals who are not students or
38 dependents of students in that coverage. Notwithstanding the
39 requirements of subdivisions (a) and (c) of Section 10965.3 and
40 Section 10965.4, a disability insurance issuer that offers student

1 health insurance coverage is not required to establish open
2 enrollment periods or coverage effective dates that are based on a
3 calendar policy year or to offer policies on a calendar year basis.

4 (C) For purposes of Sections 10273.6 and 10965.7, a disability
5 insurance issuer that offers student health insurance coverage is
6 not required to renew or continue in force coverage for individuals
7 who are no longer students or dependents of students. To the extent
8 the institution of higher education opts to renew the student health
9 insurance policy, student health insurance coverage shall be
10 renewable with respect to all eligible students or dependents of
11 students at the option of the student.

12 (2) The requirement to provide a specific level of coverage
13 described in Sections 10112.3 and 10112.295 does not apply to
14 student health insurance coverage. However, the benefits provided
15 by that coverage shall provide at least 60 percent actuarial value,
16 as calculated in accordance with Section 10112.295. The issuer
17 shall specify in any plan materials summarizing the terms of the
18 coverage the actuarial value and level of coverage, or the next
19 lowest level of coverage, and how the coverage would otherwise
20 satisfy requirements under Sections 10112.295 and 10112.296.

21 (3) Student health insurance coverage is not subject to the
22 requirements of subdivision (h) of Section 10965.3. A health
23 insurance issuer that offers student health insurance coverage may
24 establish one or more separate risk pools for an institution of higher
25 education if the distinction between or among groups of students
26 or dependents of students who form the risk pool is based on a
27 bona fide school-related classification and not based on a health
28 factor. However, student health insurance rates shall reflect the
29 claims experience of individuals who comprise the risk pool, and
30 any adjustments to rates within a risk pool shall be actuarially
31 justified.

32 (4) Student health insurance coverage shall not be required to
33 comply with nongrandfathered individual health insurance rate
34 review, but shall be subject to the nongrandfathered large group
35 market rate review requirements under Article 4.7 (commencing
36 with Section 10181) of Chapter 1, with the exception of paragraph
37 (2) of subdivision (b) of Section 10181 and Section 10181.4. If
38 the department determines that a rate is unreasonable or not
39 justified consistent with Article 4.7 (commencing with Section
40 10181) of Chapter 1, the insurer shall notify the policyholder of

1 this decision. *If an insurer fails to comply with the timeline*
2 *specified in paragraph (1) of subdivision (a) of Section 10181.3,*
3 *the department may prohibit the proposed rate change.*

4 (5) For purposes of subdivision (c) of Section 10113.9, the
5 notification shall be provided to a student certificate holder in
6 addition to the policyholder. *For purposes of subdivision (b) of*
7 *Section 10113.9, the insurer shall provide the notification to the*
8 *policyholder, and the institution of higher education shall provide*
9 *the notification of the actual change in premiums to the student*
10 *certificate holders.*

11 (6) Student health insurance coverage shall be subject to the
12 requirements of subdivisions (b) and (c) of Section 10270.3,
13 Section 10290, paragraph (1) of subdivision (b) of Section 10291.5,
14 and Section 10382.

15 (f) Each of the following shall not apply to student health
16 insurance coverage:

17 (1) (A) Subdivision (d) of Section 10965.9.

18 (B) The rating period, instead, is the policy year for which
19 premium rates are established for student health insurance
20 coverage.

21 (C) The premium rate for student health insurance coverage
22 shall not vary during the rating period.

23 (2) Sections 2236.1, 2236.3, 2236.4, 2236.5, and 2236.6 of
24 Article 4 of Subchapter 2 of Chapter 5 of Title 10 of the California
25 Code of Regulations.

26 (3) Subdivision (a) of Section 10270.3.

27 (4) Subdivision (a) of Section 10144.4.

28 (5) Subdivisions (a) to (e), inclusive, of Section 10277.

29 (6) Section 10278 for dependents under 26 years of age.

30 (7) Subdivisions (g) and (j) of Section 10965.

31 (8) Subdivisions (a), (c), and (e) of, paragraphs (1) to (3),
32 inclusive, of subdivision (f) of, and subdivision (h) of, Section
33 10965.3.

34 (g) (1) The following notice shall be provided in the student
35 health insurance enrollment materials provided to a student or a
36 dependent of a student:

37
38 California requires residents and their dependents to obtain, and
39 maintain, health coverage or pay a penalty, unless they qualify for
40 an exemption. Enrolling in student health insurance offered by the

1 college or university you are attending is one way to meet this
2 requirement.

3 You may be eligible to get free or low-cost health coverage
4 through Medi-Cal regardless of immigration status. In addition,
5 you may be eligible for free or low-cost health coverage through
6 Covered California. Visit Covered California at
7 www.coveredca.com to learn about health coverage options that
8 are available for you and your dependents, and how you might
9 qualify to get financial assistance with the cost of coverage.

10 If you are under 26 years of age, you may be eligible for
11 coverage as a dependent in a group health plan of your parent's
12 employer or under your parents' individual market coverage. In
13 addition, you may be eligible to buy individual health insurance
14 directly from a health insurer or health plan, regardless of
15 immigration status.

16 Please examine your options carefully to see if other options are
17 more affordable and whether you are currently eligible to enroll
18 in these other forms of coverage pursuant to an open or special
19 enrollment period.

20
21 (2) The notice shall be prominently displayed in clear,
22 conspicuous, 14-point bold type.

23 (3) In addition to the enrollment materials, the notice also may
24 be provided on the internet website of the institution of higher
25 education.

26 *(4) A student that obtains or maintains health coverage using*
27 *one of the alternative means to student health insurance in the*
28 *notice in paragraph (1) and who requests a waiver shall be granted*
29 *a waiver from obtaining student health insurance from their*
30 *institution of higher education and shall not be required to pay a*
31 *fee or premium for student health insurance.*

32 (h) (1) A "student administrative health fee" is a fee charged
33 by the institution of higher education on a periodic basis to students
34 of the institution of higher education to offset the cost of providing
35 health care through health clinics regardless of whether the students
36 utilize the health clinics or enroll in student health insurance
37 coverage.

38 (2) Notwithstanding the requirements under Section 10112.2,
39 a student administrative health fee is not considered a cost-sharing

1 requirement with respect to specified recommended preventive
2 services.

3 (i) A “health factor” means, in relation to an individual, any of
4 the following health status-related factors:

5 (1) Health status.

6 (2) Medical condition, including both physical and mental
7 illnesses.

8 (3) Claims experience.

9 (4) Receipt of health care.

10 (5) Medical history.

11 (6) Genetic information.

12 (7) Evidence of insurability, including conditions arising out of
13 acts of domestic violence.

14 (8) Disability.

15 (9) Any other health status-related factor as determined by any
16 federal regulation, rule, or guidance issued under Section 2705 of
17 the federal Public Health Service Act (42 U.S.C. Sec. 300gg-26).

18 (j) *The commissioner may exercise the authority provided by*
19 *this code and the Administrative Procedure Act (Chapter 3.5*
20 *(commencing with Section 11340), Chapter 4.5 (commencing with*
21 *Section 11400), and Chapter 5 (commencing with Section 11500)*
22 *of Part 1 of Division 3 of Title 2 of the Government Code) to*
23 *implement and enforce this section and all sections referenced in*
24 *this section. If the commissioner assesses a civil penalty for a*
25 *violation, any hearing that is requested by the insurer may be*
26 *conducted by an administrative law judge of the administrative*
27 *hearing bureau of the department under the formal procedure of*
28 *Chapter 5 (commencing with Section 11500) of Part 1 of Division*
29 *3 of Title 2 of the Government Code. A civil penalty shall not*
30 *exceed five thousand dollars (\$5,000) for each violation, or, if a*
31 *violation was willful, shall not exceed ten thousand dollars*
32 *(\$10,000) for each violation. This subdivision does not impair or*
33 *restrict the commissioner’s authority pursuant to another provision*
34 *of this code or the Administrative Procedure Act.*