

**ASSEMBLY BILL**

**No. 594**

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**Introduced by Assembly Member Solache**

February 12, 2025

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

LEGISLATIVE COUNSEL'S DIGEST

AB 594, as introduced, 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.

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

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

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

SECTION 1. 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) 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 ~~pursuant to~~ *under* Section 10112.1, and all rules and regulations issued thereunder.

(2) Any reference to the insured in a blanket disability insurance policy that meets the definition of student health insurance

1 coverage shall also refer to the individual students and dependents  
2 insured under those policies.

3 (3) For the purposes of applying Sections 10123.81, 10123.84,  
4 10123.87, 10123.135, 10123.194, 10278, 10354, 10965, and  
5 10965.3 to student health insurance coverage, any reference to the  
6 policyholder shall also refer to the individual students.

7 (d) A student, or dependent of a student, shall not be required  
8 to purchase a blanket disability insurance policy if they have  
9 minimum essential coverage that meets the requirements of the  
10 Minimum Essential Coverage Individual Mandate ~~pursuant to~~  
11 ~~under~~ Section 100705 of the Government Code.

12 (e) The following provisions apply to student health insurance  
13 coverage:

14 (1) Student health insurance coverage is exempt from laws  
15 requiring guaranteed availability or guaranteed renewability, as  
16 follows:

17 (A) Subdivision (f) of Section 10273.6 applies if the basis of  
18 student health insurance coverage is enrollment in the institution  
19 of higher education and an individual's enrollment in the institution  
20 ceases.

21 (B) For purposes of Sections 10965.3 and 10965.4, a disability  
22 insurance issuer that offers student health insurance coverage is  
23 not required to accept individuals who are not students or  
24 dependents of students in that coverage. Notwithstanding the  
25 requirements of subdivisions (a) and (c) of Section 10965.3 and  
26 Section 10965.4, a disability insurance issuer that offers student  
27 health insurance coverage is not required to establish open  
28 enrollment periods or coverage effective dates that are based on a  
29 calendar policy year or to offer policies on a calendar year basis.

30 (C) For purposes of Sections 10273.6 and 10965.7, a disability  
31 insurance issuer that offers student health insurance coverage is  
32 not required to renew or continue in force coverage for individuals  
33 who are no longer students or dependents of students. To the extent  
34 the institution of higher education opts to renew the student health  
35 insurance policy, student health insurance coverage shall be  
36 renewable with respect to all eligible students or dependents of  
37 students at the option of the student.

38 (2) The requirement to provide a specific level of coverage  
39 described in Sections 10112.3 and 10112.295 does not apply to  
40 student health insurance coverage. However, the benefits provided

1 by that coverage shall provide at least 60 percent actuarial value,  
2 as calculated in accordance with Section 10112.295. The issuer  
3 shall specify in any plan materials summarizing the terms of the  
4 coverage the actuarial value and level of coverage, or the next  
5 lowest level of coverage, and how the coverage would otherwise  
6 satisfy requirements under Sections 10112.295 and 10112.296.

7 (3) Student health insurance coverage is not subject to the  
8 requirements of subdivision (h) of Section 10965.3. A health  
9 insurance issuer that offers student health insurance coverage may  
10 establish one or more separate risk pools for an institution of higher  
11 education if the distinction between or among groups of students  
12 or dependents of students who form the risk pool is based on a  
13 bona fide school-related classification and not based on a health  
14 factor. However, student health insurance rates shall reflect the  
15 claims experience of individuals who comprise the risk pool, and  
16 any adjustments to rates within a risk pool shall be actuarially  
17 justified.

18 (4) Student health insurance coverage shall not be required to  
19 comply with nongrandfathered individual health insurance rate  
20 review, but shall be subject to the nongrandfathered large group  
21 market rate review requirements ~~pursuant to~~ *under* Article 4.7  
22 (commencing with Section 10181) of Chapter 1, with the exception  
23 of paragraph (2) of subdivision (b) of Section 10181 and Section  
24 10181.4. If the department determines that a rate is unreasonable  
25 or not justified consistent with Article 4.7 (commencing with  
26 Section 10181) of Chapter 1, the insurer shall notify the  
27 policyholder of this decision.

28 (5) For purposes of subdivision (c) of Section 10113.9, the  
29 notification shall be provided to a student certificate holder in  
30 addition to the policyholder.

31 (6) Student health insurance coverage shall be subject to the  
32 requirements of subdivisions (b) and (c) of Section 10270.3,  
33 Section 10290, paragraph (1) of subdivision (b) of Section 10291.5,  
34 and Section 10382.

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

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

38 (B) The rating period, instead, is the policy year for which  
39 premium rates are established for student health insurance  
40 coverage.

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

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

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

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

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

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

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

11 (8) Subdivisions (a), (c), and (e) of, paragraphs (1) to (3),  
12 inclusive, of subdivision (f) of, and subdivision (h) of, Section  
13 10965.3.

14 (g) (1) The following notice shall be provided in the student  
15 health insurance enrollment materials provided to a student or a  
16 dependent of a student:

17  
18 California requires residents and their dependents to obtain, and  
19 maintain, health coverage or pay a penalty, unless they qualify for  
20 an exemption. Enrolling in student health insurance offered by the  
21 college or university you are attending is one way to meet this  
22 requirement.

23 You may be eligible to get free or low-cost health coverage  
24 through Medi-Cal regardless of immigration status. In addition,  
25 you may be eligible for free or low-cost health coverage through  
26 Covered California. Visit Covered California at  
27 [www.coveredca.com](http://www.coveredca.com) to learn about health coverage options that  
28 are available for you and your dependents, and how you might  
29 qualify to get financial assistance with the cost of coverage.

30 If you are under 26 years of age, you may be eligible for  
31 coverage as a dependent in a group health plan of your parent's  
32 employer or under your parents' individual market coverage. In  
33 addition, you may be eligible to buy individual health insurance  
34 directly from a health insurer or health plan, regardless of  
35 immigration status.

36 Please examine your options carefully to see if other options are  
37 more affordable and whether you are currently eligible to enroll  
38 in these other forms of coverage pursuant to an open or special  
39 enrollment period.

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

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

6 (h) (1) A “student administrative health fee” is a fee charged  
7 by the institution of higher education on a periodic basis to students  
8 of the institution of higher education to offset the cost of providing  
9 health care through health clinics regardless of whether the students  
10 utilize the health clinics or enroll in student health insurance  
11 coverage.

12 (2) Notwithstanding the requirements under Section 10112.2,  
13 a student administrative health fee is not considered a cost-sharing  
14 requirement with respect to specified recommended preventive  
15 services.

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

18 (1) Health status.

19 (2) Medical condition, including both physical and mental  
20 illnesses.

21 (3) Claims experience.

22 (4) Receipt of health care.

23 (5) Medical history.

24 (6) Genetic information.

25 (7) Evidence of insurability, including conditions arising out of  
26 acts of domestic violence.

27 (8) Disability.

28 (9) Any other health status-related factor as determined by any  
29 federal regulation, rule, or guidance issued ~~pursuant to~~ *under*  
30 Section 2705 of the federal Public Health Service Act (42 U.S.C.  
31 Sec. 300gg-26).