Senate Bill 260
Keeping Health Coverage When Income Changes
As Introduced February 12, 2019

SUMMARY

SB 260 will require health plans and insurers to give consumers who lose their coverage for any reason notices of the availability of Medi-Cal and Covered California coverage. The bill will also make it easier for Covered California to reach out to consumers, who have lost their coverage to help minimize gaps in their coverage.

THE PROBLEM

Everyday Californians can lose their health insurance because they lose their job, get divorced or become widowed, turn age 26, or undergo other life transitions that cause a loss of health insurance coverage. As long as Californians change their insurance whenever they change jobs, move from Medi-Cal to employer coverage, get married or face other life changes, people will continue to experience gaps in health insurance coverage.

Many of the uninsured experience a work or life transition that involves a loss of income due to a loss or change in jobs, a reduction in work hours, divorce, disability, or a death of a family member. Even short bouts of uninsurance can lead to long-term negative impacts on health and family finances.

BACKGROUND

Because of the Affordable Care Act, millions of Californians have received coverage from Medi-Cal, Covered California or an employer. Since 2014, Covered California alone has helped over 3.5 million people get individual coverage and has connected millions of Californians to Medi-Cal coverage.

Many people who buy coverage as individuals actually cycle in and out of that coverage over a short period of time. For example, more than half of the 1.4 million people that buy coverage Covered California actually leave Covered California because they gain other health coverage either from their new jobs or Medi-Cal.

About 4 million Californians are estimated to be uninsured in 2020 and about 2 million of them are eligible for comprehensive Medi-Cal or financial subsidies through Covered California. A past study done pre-ACA has shown[i] the uninsured population is not static and undergo more transitions in and out of insurance coverage, wherein one-half to two-thirds of them move into or out of coverage during that same year.

People can use more assistance in order to avoid coverage gaps when they experience a change in life circumstances or lose Medi-Cal coverage because their income goes up. Sending notice of the availability of coverage is a good first step but we can do more to help people over these transitions.[ii]

SOLUTION

SB 260 would require health plans and insurers to obtain consent to transfer the list of people who lose coverage to Covered California so that Covered California can reach out to them and explain various options to enroll in coverage. Social Security already does this whenever someone reaches full retirement age.

SB 260 would also ensure people leaving Medi-Cal are auto-assigned into the lowest cost plan option in Covered California. This bill would hold the consumer harmless if they choose another Covered California plan or do not need or want coverage.

SUPPORT

Health Access California (co-sponsor)
Western Center on Law & Poverty (co-sponsor)

FOR MORE INFORMATION

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[i] UCB Labor Center, March 2011, Maximizing Health Care Enrollment Through Seamless Coverage for Families in Transition: Current Trends and Policy Implications, http://laborcenter.berkeley.edu/maximizing-health-care-enrollment-through-seamless-coverage-for-families-in-transition-current-trends-and-policy-implications/ .

[ii] UCB Labor Center, October 2011, Maintaining Health Coverage During Life Transitions, http://laborcenter.berkeley.edu/pdf/2011/Promise_CareAct11.pdf .

[iii] UCB Labor Center, May 2015, Maximizing Health Insurance Enrollment Through Covered California during Work and Life Transitions, http://laborcenter.berkeley.edu/maximizing-enrollment/.