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California Insurance Response to COVID-19

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On March 5, 2020, the California Department of Insurance and California Department of Managed Health Care each issued guidance stating that commercial health insurance carriers and health maintenance organizations (HMOs) are immediately required to reduce cost-sharing (including copays, deductibles and coinsurance) to zero for all medically necessary screening and testing for coronavirus disease 2019 (COVID-19) (the “Guidance”). The Departments want to ensure that cost does not affect consumers’ access to medically necessary screening and testing for COVID-19.

The Guidance applies to all commercial health insurance carriers and HMOs in California. It is not clear whether the Guidance applies to health insurance policies issued or delivered outside of California, but covering California residents. Self-insured group health plans are not required to comply directly with the Guidance.

Below are highlights from the Guidance of the requirements imposed on the carriers and HMOs as well as reminders about existing state laws:

- Immediately reduce cost-sharing to zero for all medically necessary screening and testing for COVID-19, including hospital, emergency department, urgent care, and provider office visits where the purpose of the visit is to be screened and/or tested for COVID-19.
- Notify all contracted providers about the waiver of cost-sharing for medically necessary COVID-19 screening and testing.

- Ensure the advice nurse line and customer service representatives clearly communicate this information to covered individuals who contact them about COVID-19 screening or testing.
- Prominently display a statement on their public website that cost-sharing is waived for medically necessary COVID-19 screening and testing, as well as guidance on how to access care.
- With respect to the carriers, inform the call center staff to advise covered individuals to call their provider's office or advice nurse line for instructions about how best to access care for COVID-19 screening and testing, prior to any in-person visit to a clinic or emergency department.
- All medically necessary emergency care must be covered without prior authorization, whether the care is provided by an in-network or out-of-network provider.
- Utilization review timeframes for approving requests for urgent and non-urgent services must be complied with. Insurance carriers and HMOs are strongly encouraged to waive prior authorization requests for services related to COVID-19 or, at a minimum, to respond to those requests quicker than the normal required timeframes.
- As more COVID-19 cases develop on California, ensure provider networks are adequate to handle an increased need for health care services, including offering access to out-of-network services where appropriate.
- Ensure covered individuals are not liable for unlawful balance billing from providers, including balance bills related to COVID-19 screening and testing.
- Work with providers to use telehealth services to deliver care when medically appropriate, to limit a covered individual's exposure to others who may be infected with COVID-19.
- Increase the capacity of contracted providers and facilities.
- In the event of a shortage of a particular prescription drug, waive prior authorization and step therapy requirements if the provider recommends a different drug to treat the condition.

We will continue to monitor developments around COVID-19 and will continue to update you.