



Health Care Reform **Bulletin**

California Repeals 60-day Waiting Period Limit, Conforms with ACA Rule

Provided by Risk Management Advisors, Inc.

Quick Facts

- On Aug. 15, 2014, SB 1034 repealed California's 60-day waiting period limit.
- SB 1034 prohibits group health insurance issuers from imposing any waiting period.
- California employers may establish waiting periods of up to 90 days, consistent with the ACA's 90-day limit.
- The effective date for SB 1034 is unclear.

As a result of SB 1034, California employers may establish waiting periods of up to 90 days, consistent with the ACA's 90-day limit.

For plan years beginning on or after Jan. 1, 2014, the Affordable Care Act (ACA) prohibits group health plans and group health insurance issuers from applying any waiting period that exceeds 90 days. However, California law limited eligibility waiting periods to a maximum of **60 days**, which is more restrictive than the ACA's limit.

In an effort to eliminate confusion between state and federal rules governing waiting periods, California's legislature enacted [Senate Bill 1034](#) (SB 1034) on Aug. 15, 2014. SB 1034 **repealed the 60-day waiting period limit** for insured group health coverage in California.

Once the law takes effect, group health insurance issuers may not impose any waiting period for eligibility. Instead, California employers may establish waiting periods of up to 90 days, consistent with the ACA's 90-day limit.

California's Waiting Period Laws

A waiting period is defined as the period of time that must pass before coverage becomes effective for an employee or dependent who is otherwise eligible to enroll in the plan.

In September 2013, California enacted a law that imposed California-specific waiting period requirements for group health plans. Under this law, insured group health plans were prohibited from imposing waiting periods that exceeded 60 days. This 60-day limit applied to both large group and small group policies, effective for plan years beginning on or after Jan. 1, 2014.

This distinction between state and federal waiting period requirements created a great deal of uncertainty for California insurers and employers that sponsored insured health plans, and was immediately met with resistance from those in the insurance industry.

Repeal of 60-day Waiting Period Requirement

On Aug. 15, 2014, California Governor Jerry Brown signed SB 1034 into law, which repeals California's 60-day waiting period rule. This new law is intended to prohibit California insurance carriers from imposing state-specific waiting periods. Instead, the law allows employers to establish their own waiting periods of up to 90 days to conform to the ACA's rules. In doing so, SB 1034 removes many of the complexities that California-based employers and insurers faced in administering group health plans.



Effective Date

There has been some confusion over the date that SB 1034 takes effect. In general, laws take effect immediately upon enactment, unless a provision in the law states otherwise. Because SB 1034 does not contain any provisions that specify an effective date, many in the insurance industry believe that this requirement took effect on Aug. 15, 2014, when the law was enacted.

However, there has been some speculation that the law actually takes effect on Jan. 1, 2015. State agencies may provide guidance in the future that clarifies this issue.

Notwithstanding this confusion, in many cases, issuers and employers have already established waiting periods under their plans for the 2014 plan year. It will likely take some time to amend their plans to allow for waiting periods in excess of 60 days, and some may not be able to amend their plans until the 2015 plan year.

