

## California Repeals 60-Day Waiting Period Limit

On August 15, 2014, California Governor Jerry Brown signed a bill repealing a 2012 state law that prohibited group health plans from imposing a waiting period that exceeds 60 days on individuals who are otherwise eligible for coverage. This legislation aligns California state law with the ACA's prohibition on group health plans and issuers from imposing an eligibility waiting period for coverage that exceeds 90 days, and will come as a relief to sponsors of plans that provide benefits to California residents. The new law is effective January 1, 2015.

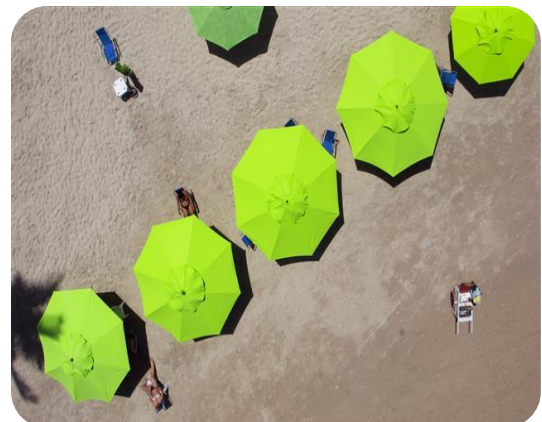
### Background

For plan years beginning on or after January 1, 2014, the Affordable Care Act (ACA) prohibits group health plans and health insurance issuers from imposing a waiting period that exceeds 90 days on individuals who are otherwise eligible for coverage. To learn more about the ACA's 90-day waiting period limitation and accompanying regulations, please see our [July 3, 2014](#) and [April 2, 2014](#) *For Your Information* publications.

On September 30, 2012, California Governor Jerry Brown signed AB 1083 into law, which generally synced California law governing health insurance products to the ACA's insurance market reforms. A significant difference, however, was AB 1083's imposition of a shorter, 60-day maximum waiting period on group health insurance policies and HMO contract years. The 60-day limit was understood to apply to all group policies, large and small — though not to self-funded plans. For more background on this 60-day waiting period limitation, please see our [November 11, 2013](#) *For Your Information*.

### California's Waiting Period Now Aligned with ACA Waiting Period

California [Senate Bill 1034](#), signed by the governor on August 15, 2014, will allow sponsors of plans that provide benefits to California residents to follow the ACA's 90-day limit on eligibility waiting periods effective January 1, 2015 — rather than the more stringent 60-day limit that California law previously imposed. The new law, which was designed to eliminate confusion between the differing state and federal waiting period limitations, received backing from both labor and business groups and will come as welcome relief for California-based sponsors of insured group health plans.



**Comment.** The confusion between the California 60-day limit and the ACA's 90-day limit was exacerbated by regulations that the Departments of Treasury, Labor, and Health & Human Services recently issued permitting an "orientation period" of no longer than one calendar month as a permissible condition of substantive eligibility for plan coverage. (See our [July 3, 2014 For Your Information](#).)

## In Closing

Sponsors of insured plans that provide benefits to California residents must still follow the California 60-day waiting period limitation through the end of 2014. However, starting in 2015, only the ACA's 90-day limit on eligibility waiting periods will apply.

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