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California expands COVID-19 test coverage for managed care plans

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Aug. 11, 2020

Emergency COVID-19 rules (Cal. Code Regs. tit. 28, [§ 1300.67.01](#)) from California's [Department of Managed Health Care](#) (DMHC) expands the scope of diagnostic testing that managed care plans (generally HMOs) must cover during the governor's declared state of emergency due to COVID-19. According to the DMHC, the expanded requirements don't apply to self-insured, ERISA-covered group health plans. However, federal rules prohibit all health plans from limiting the number or frequency of COVID-19 tests or imposing utilization-management, prior-authorization or cost-sharing obligations on COVID-19 testing for enrollees with symptoms of or known or suspected exposure to the disease.

COVID-19 testing of essential workers

As of July 17, California has extended the ban on utilization-management and prior-authorization requirements for COVID-19 tests to asymptomatic "essential workers" who have no known/suspected exposure to the virus. Broad categories of enrollees are classified as essential workers in DMHC guidance ([APL 20-028](#)) on the new rule. Covered health plans cannot limit the frequency and number of tests for an essential worker, but can impose ordinary cost-sharing requirements for such tests. Individuals may be asked if they qualify as essential workers, but cannot be required to produce documentation.

These provisions only pertain to essential workers. For nonessential workers, ordinary utilization-management, prior-authorization and cost-sharing requirements may apply if the enrollee has no symptoms or known/suspected exposure.

Appointment timing

For an essential worker, a testing appointment must be available within 48 hours. For asymptomatic nonessential enrollees without a known/suspected exposure, but whose healthcare provider deems

testing medically necessary, the time limit is 96 hours. All testing providers must be located within 30 minutes or 15 miles of the enrollee's residence or workplace.

If a testing appointment isn't available within the specified time period and distance, the individual may go out of network without paying any extra charges. Given the limited availability of COVID-19 testing, health plans may face challenges in meeting this standard.

Employer considerations

Employers with workers covered by a California HMO or other managed care plan may want to work with the insurer to clarify expectations and develop clear communications for employees. Access to testing within the specified time limit does not mean that test results will be available quickly, and delays in test results could have an important impact on return-to-work decisions.

Related resources

Non-Mercer resources

- [APL 20-028](#), Emergency regulation regarding COVID-19 diagnostic testing (DMHC, July 23, 2020)
- [Cal. Code Regs. tit. 28, § 1300.67.01](#), COVID-19 testing emergency regulation (DMHC, July 17, 2020)

Mercer Law & Policy resources

- [States, cities tackle COVID-19 paid leave](#) (July 24, 2020)
- [Employer health plans have to meet new COVID-19 coverage mandate](#) (April 21, 2020)
- [COVID-19 spurs IRS relief for HDHPs, state insurance guidance](#) (March 18, 2020)

Other Mercer resources

- [Stay informed on the coronavirus](#) (regularly updated)

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