

AMENDED IN SENATE MAY 28, 2013

AMENDED IN SENATE APRIL 2, 2013

AMENDED IN SENATE FEBRUARY 26, 2013

**SENATE BILL**

**No. 22**

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**Introduced by Senator Beall**

**(Coauthors: Senators Correa, De León, DeSaulnier, and Yee)**

(Coauthors: Assembly Members Ammiano and Chesbro)

December 3, 2012

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An act to add Section 1374.18 to the Health and Safety Code, and to add Section 10144.53 to the Insurance Code, relating to health care coverage.

LEGISLATIVE COUNSEL'S DIGEST

SB 22, as amended, Beall. Health care coverage: mental health parity.

Existing law, the Knox-Keene Health Care Service Plan Act of 1975, provides for the licensure and regulation of health care service plans by the Department of Managed Health Care *and makes a willful violation of the act a crime*. Existing law provides for the regulation of health insurers by the Department of Insurance. Existing law requires health care service plan contracts or health insurance policies issued, amended, or renewed on or after July 1, 2000, to provide coverage for the diagnosis and medically necessary treatment of severe mental illnesses, as defined, and of serious emotional disturbances of a child, as specified, under the same terms and conditions applied to other medical conditions.

Existing federal law, the federal Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act of 2008 (MHPAEA) requires group health plans and health insurance issuers to ensure that

financial requirements and treatment limitations applicable to mental health or substance use disorder benefits are no more restrictive than the predominant requirements or limitations applied to substantially all medical and surgical benefits. Existing state law requires individual and small group health care service plan contracts and health insurance policies issued, amended, or renewed on or after January 1, 2014, to comply with MHPAEA.

This bill would, on or after July 1, 2014, require every health care service plan, contractor of a health service plan, and health insurer to submit an annual report to the Department of Managed Health Care or the Department of Insurance, as appropriate, certifying compliance with specified state laws and the MHPAEA, except as provided. The bill would require the reports to be a public record made available upon request and to be published on the respective department's Internet Web site. The bill would require a plan, contractor, and health insurer to provide an analysis of the entity's compliance with the law using certain mental health parity standards and to conduct surveys of enrollees, insureds, and providers as part of the report, as specified. The bill would prohibit the inclusion of any information that may individually identify enrollees or insureds in the reports submitted to the respective departments pursuant to the provisions described above. *Because a willful violation of the bill's provisions by a health care service plan would be a crime, the bill would impose a state-mandated local program.*

*The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.*

*This bill would provide that no reimbursement is required by this act for a specified reason.*

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: ~~no~~-yes.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 1374.18 is added to the Health and Safety
- 2 Code, to read:
- 3 1374.18. (a) On and after July 1, 2014, every health care
- 4 service plan and contractor of a health care service plan shall
- 5 submit an annual report to the department certifying compliance

1 with Section 1374.72 and the federal Paul Wellstone and Pete  
2 Domenici Mental Health Parity and Addiction Equity Act of 2008  
3 (Public Law 110-343), hereafter referred to as the MHPAEA, its  
4 implementing regulations, and all related federal guidance. The  
5 annual report shall be a public record made available upon request  
6 and shall be published on the department's Internet Web site. The  
7 department may hold public hearings on the reports at its own  
8 discretion ~~or at the request of any person.~~

9 (b) The report shall provide an analysis of the plan's or  
10 contractor's compliance with Section 1374.72 and the MHPAEA  
11 using all of the elements set forth in those provisions of law, as  
12 well as in standards P-MHP 1, P-MHP 2, and P-MHP 3 of the  
13 American Accreditation HealthCare Commission (URAC) Health  
14 Plan Accreditation Guide, Version 7, or any subsequent versions.

15 (c) (1) As part of the report, ~~a~~ *the* plan or contractor shall  
16 conduct both of the following:

17 (A) A survey of enrollees to collect responses pertaining to  
18 enrollee experiences with mental health and substance use care.

19 (B) A survey of providers to collect responses pertaining to  
20 provider experiences with providing mental health and substance  
21 use care.

22 (2) The plan or contractor shall use the compliance criteria set  
23 forth in the URAC mental health parity standards described in  
24 subdivision (b) to structure the surveys.

25 (d) A report submitted to the department pursuant to this section  
26 shall not include any information that may individually identify  
27 enrollees, including, but not limited to, medical record numbers,  
28 names, and addresses.

29 (e) This section shall not apply to contracts entered into pursuant  
30 to Chapter 7 (commencing with Section 14000) or Chapter 8  
31 (commencing with Section 14200) of Part 3 of Division 9 of the  
32 Welfare and Institutions Code, between the State Department of  
33 Health Care Services and a health care service plan for enrolled  
34 Medi-Cal beneficiaries.

35 SEC. 2. Section 10144.53 is added to the Insurance Code, to  
36 read:

37 10144.53. (a) On and after July 1, 2014, every health insurer  
38 shall submit ~~an~~ *a consolidated* annual report to the Department of  
39 Insurance certifying that *each of* its health insurance policies  
40 comply with Section 10144.5 and the federal Paul Wellstone and

1 Pete Domenici Mental Health Parity and Addiction Equity Act of  
2 2008 (Public Law 110-343), hereafter referred to as the MHPAEA,  
3 its implementing regulations, and all related federal guidance. The  
4 annual report shall be a public record made available upon request  
5 and shall be published on the department's Internet Web site. The  
6 department may hold public hearings on the reports at its ~~own~~  
7 discretion ~~or at the request of any person~~.

8 (b) The report shall provide an analysis of the insurer's  
9 compliance with Section 10144.5 and the MHPAEA using all of  
10 the elements set forth in those provisions of law, as well as in  
11 standards P-MHP 1, P-MHP 2, and P-MHP 3 of the American  
12 Accreditation HealthCare Commission (URAC) Health Plan  
13 Accreditation Guide, Version 7, or any subsequent versions.

14 (c) (1) As part of the report, an insurer shall conduct both of  
15 the following:

16 (A) A survey of insureds to collect responses pertaining to  
17 insured's experiences with mental health and substance use care.

18 (B) A survey of providers to collect responses pertaining to  
19 provider experiences with providing mental health and substance  
20 use care.

21 (2) The insurer shall use the compliance criteria set forth in the  
22 URAC mental health parity standards described in subdivision (b)  
23 to structure the surveys.

24 (d) A report submitted to the department pursuant to this section  
25 shall not include any information that may individually identify  
26 insureds, including, but not limited to, medical record numbers,  
27 names, and addresses.

28 (e) This section shall not apply to policies or health benefit plans  
29 issued pursuant to Chapter 7 (commencing with Section 14000)  
30 or Chapter 8 (commencing with Section 14200) of Part 3 of  
31 Division 9 of the Welfare and Institutions Code, between the State  
32 Department of Health Care Services and an insurance policy or  
33 health benefit plan for enrolled Medi-Cal beneficiaries.

34 *SEC. 3. No reimbursement is required by this act pursuant to*  
35 *Section 6 of Article XIII B of the California Constitution because*  
36 *the only costs that may be incurred by a local agency or school*  
37 *district will be incurred because this act creates a new crime or*  
38 *infraction, eliminates a crime or infraction, or changes the penalty*  
39 *for a crime or infraction, within the meaning of Section 17556 of*  
40 *the Government Code, or changes the definition of a crime within*

1 *the meaning of Section 6 of Article XIII B of the California*  
2 *Constitution.*

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