

AMENDED IN ASSEMBLY JULY 2, 2013

AMENDED IN ASSEMBLY JUNE 14, 2013

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~~ *October* 1, 2014, require every health care service plan that provides hospital, medical, or surgical coverage, every specialized mental health care service plan that contracts with a health care service plan to provide mental health services, and every 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 departments to collaborate with each other and consult with experts and stakeholders to create the standards for the form and content of those reports on or before July 1, 2014. The bill would require those departments to report to the Legislature on or before January 1, 2020, on the information obtained through those annual reports.* The bill would require the reports to be a public record made available upon request and to be published on the respective ~~department's~~ *departments'* Internet Web ~~site~~ *sites*. The bill would require those plans and insurers 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: 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) This section shall apply to every health care  
4 service plan that provides hospital, medical, or surgical coverage  
5 or any specialized mental health care service plan that contracts  
6 with a health care service plan to provide mental health services.  
7 (b) On and after ~~July~~ *October* 1, 2014, every plan described in  
8 subdivision (a) shall submit an annual report to the department  
9 certifying compliance with Section 1374.72 and the federal Paul  
10 Wellstone and Pete Domenici Mental Health Parity and Addiction  
11 Equity Act of 2008 (Public Law 110-343), hereafter referred to as  
12 the MHPAEA, its implementing regulations, and all related federal  
13 guidance. The annual report shall be a public record made available  
14 upon request and shall be published on the department’s Internet  
15 Web site. The department may hold public hearings on the reports  
16 at its discretion.  
17 ~~(e) The report shall provide an analysis of the compliance by~~  
18 ~~the plan described in subdivision (a) with Section 1374.72 and the~~  
19 ~~MHPAEA using all of the elements set forth in those provisions~~  
20 ~~of law, as well as in standards P-MHP-1, P-MHP-2, and P-MHP~~  
21 ~~3 of the American Accreditation HealthCare Commission (URAC)~~  
22 ~~Health Plan Accreditation Guide, Version 7, or any subsequent~~  
23 ~~versions.~~  
24 ~~(d) (1)~~  
25 (c) As part of the report, the plan described in subdivision (a)  
26 shall conduct both of the following:  
27 (A)  
28 (1) A survey of enrollees to collect responses pertaining to  
29 enrollee experiences with mental health and substance use care.  
30 (B)  
31 (2) A survey of providers to collect responses pertaining to  
32 provider experiences with providing mental health and substance  
33 use care.

1 ~~(2) The plan described in subdivision (a) shall use the~~  
 2 ~~compliance criteria set forth in the URAC mental health parity~~  
 3 ~~standards described in subdivision (e) to structure the surveys.~~

4 *(d) On or before July 1, 2014, the department shall collaborate*  
 5 *with the Department of Insurance and consult with experts and*  
 6 *stakeholders to create standards for the form and content of*  
 7 *information to be reported pursuant to subdivision (b). These*  
 8 *standards shall ensure that data reported, including the results of*  
 9 *surveys conducted pursuant to subdivision (c), are standardized*  
 10 *and intercomparable. For the creation of standards for certifying*  
 11 *compliance with MHPAEA, the department shall consider national*  
 12 *mental health parity compliance standards, including, but not*  
 13 *limited to, the standards P-MHP-1, P-MHP-2, and P-MHP-3 of*  
 14 *the American Accreditation HealthCare Commission (URAC)*  
 15 *Health Plan Accreditation Guide, Version 7, or any subsequent*  
 16 *versions.*

17 *(e) On or before January 1, 2020, the department shall report*  
 18 *to the Legislature on the information obtained through the annual*  
 19 *reports in subdivision (b). The report shall include a summary of*  
 20 *any regulatory actions taken as a result of information gathered*  
 21 *through the reports.*

22 ~~(e)~~

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

27 ~~(f)~~

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

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

36 10144.53. (a) On and after ~~July~~ *October* 1, 2014, every health  
 37 insurer shall submit a consolidated annual report to the Department  
 38 of Insurance certifying that each of its health insurance policies  
 39 comply with Section 10144.5 and the federal Paul Wellstone and  
 40 Pete Domenici Mental Health Parity and Addiction Equity Act of

1 2008 (Public Law 110-343), hereafter referred to as the MHPAEA,  
2 its implementing regulations, and all related federal guidance. The  
3 annual report shall be a public record made available upon request  
4 and shall be published on the department's Internet Web site. The  
5 department may hold public hearings on the reports at its discretion.

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

12 ~~(e) (1)~~

13 (b) As part of the report, an insurer shall conduct both of the  
14 following:

15 (A)

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

18 (B)

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

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

25 (c) *On or before July 1, 2014, the department shall collaborate*  
26 *with the Department of Managed Health Care and consult with*  
27 *experts and stakeholders to create standards for the form and*  
28 *content of information to be reported pursuant to subdivision (a).*  
29 *These standards shall ensure that data reported, including the*  
30 *results of surveys conducted pursuant to subdivision (b), are*  
31 *standardized and intercomparable. For the creation of standards*  
32 *for certifying compliance with MHPAEA, the department shall*  
33 *consider national mental health parity compliance standards,*  
34 *including, but not limited to, the standards P-MHP-1, P-MHP-2,*  
35 *and P-MHP-3 of the American Accreditation HealthCare*  
36 *Commission (URAC) Health Plan Accreditation Guide, Version*  
37 *7, or any subsequent versions.*

38 (d) *On or before January 1, 2020, the department shall report*  
39 *to the Legislature on the information obtained through the annual*  
40 *reports in subdivision (a). The report shall include a summary of*

1 *any regulatory actions taken as a result of information gathered*  
2 *through the reports.*

3 ~~(d)~~

4 (e) A report submitted to the department pursuant to this section  
5 shall not include any information that may individually identify  
6 insureds, including, but not limited to, medical record numbers,  
7 names, and addresses.

8 ~~(e)~~

9 (f) This section shall not apply to policies or health benefit plans  
10 issued pursuant to Chapter 7 (commencing with Section 14000)  
11 or Chapter 8 (commencing with Section 14200) of Part 3 of  
12 Division 9 of the Welfare and Institutions Code, between the State  
13 Department of Health Care Services and an insurance policy or  
14 health benefit plan for enrolled Medi-Cal beneficiaries.

15 SEC. 3. No reimbursement is required by this act pursuant to  
16 Section 6 of Article XIII B of the California Constitution because  
17 the only costs that may be incurred by a local agency or school  
18 district will be incurred because this act creates a new crime or  
19 infraction, eliminates a crime or infraction, or changes the penalty  
20 for a crime or infraction, within the meaning of Section 17556 of  
21 the Government Code, or changes the definition of a crime within  
22 the meaning of Section 6 of Article XIII B of the California  
23 Constitution.