

California State Senate

SENATOR
JIM BEALL

FIFTEENTH SENATE DISTRICT



The Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act of 2008 is historic legislation that ends health insurance benefits inequity between mental health/substance use disorders and medical/surgical benefits for group health plans with more than 50 employees. The state, along with health insurance plans, must be in compliance with the federal parity law by Jan. 1 2015 when it becomes fully enforceable.

The Governor's revised budget includes a request from the California Department of Managed Health in the amount of \$369,000 for clinical consulting services to conduct initial front-end parity compliance reviews beginning with health plans filings in July. Plans will be required for the first time, to provide evidence that demonstrates they are compliant with federal and state parity laws. Prior to this, plans self-certified they meet the new federal parity law.

The revised budget makes no allowances for the hiring and training of employees necessary to research and analyze the new data that will health plans will be providing, data that will be essential for measuring the enforcement of mental health parity.

Each year, California falls further behind in our enforcement obligation -- exposing the state to lawsuits and the risk of losing federal funds for non-compliance, a critical issue that Senate Bill 22 sought to address last year.

DMHC's proposal significantly underestimates the resources necessary to meet its self-imposed deadline of Jan. 1, 2016 to begin focus surveys by failing to fund new staff. The Legislature has the responsibility for meeting key milestones necessary to ensure the timely oversight of the state's implementation of the federal parity law.

To begin surveys in 2016, enforcement staff must be hired and trained on the new technical assistance guides, currently being developed, and other enforcement activities. Ramping up and training staff in fiscal year 2014-15 is critical to meeting this goal. To avoid any up front general fund costs, action must be taken to authorize DMHC to assess and collect a fee on health plans to pay for the additional resources.

Budgetary action is necessary this year to get California back on track. Additional staff would be paid by fees on insurance plans and have zero impact to the state general fund. The bottom line is the state must take additional budget action now or face lawsuits later.