

SB 22 (Beall) – FACT SHEET

Act Relates to Mental Health and Substance Use Parity Enforcement

BACKGROUND

California has passed some of the strongest mental health and substance use parity laws in the nation but those statutes are sabotaged by a weak enforcement system. The failure to effectively monitor compliance by health insurers has resulted in a denial of access to care for Californians who are in desperate in need of treatment.

State and federal parity laws now require mental health and substance use treatment benefits equivalent to medical and surgical benefits to end the discrimination against people with mental and substance use disorders. However compliance with state laws continues to be problematic.

Just this March, state officials found that patients of a major health plan experienced excessively long delays for mental health appointments and were offered inaccurate information that could have dissuaded them from seeking treatment. The findings, derived from a mandatory survey conducted every three years, demonstrated a pervasive lack of compliance by one California's largest health plans and reinforce the need to institute a more proactive and timely enforcement process.

THE PROBLEM

Despite the passage of parity laws, only 60 percent of people suffering from mental illness and 10% of people needing substance use disorder services have access to treatment.

The failure to effectively monitor compliance by health insurers has resulted in a widespread denial of access to care for Californians who are in desperate in need of treatment.

Obstacles to care range from an insufficient number of providers, inadequate reimbursement rates and discriminatory and administratively burdensome utilization review requirements. Often, these barriers contribute to patients suffering from a substance use or mental illness disorder being subjected to such onerous administrative requirements that they tend to give up their pursuit of care.

What California does NOT have is robust enforcement of these laws.

In California, enforcement is complaint driven. Many patients suffering from a substance use or mental illness disorder and their providers don't complain for a variety of reasons:

- Stigma.

- Antiquated bureaucratic process for complaints and appeals.
- Repeated denials of care.

These complaint numbers are further skewed because it places the burden on a person who may very well be struggling with a mental or substance use disorder to voluntarily file a complaint and persistently cope with a new morass of red tape.

Given the complex bureaucracy, coupled with the stigma of suffering from a substance use or mental illness disorder, it is extremely difficult to appeal denials of service, let alone file complaints.

An enforcement system largely based on consumer complaints is not appropriate nor does it accurately reflect an insurer's compliance with the law.

THIS BILL

SB 22 helps to end the discrimination against people with mental health and substance use disorders. This bill reinforces federal and state parity laws that require health insurers to cover treatment for those illnesses, equivalent to the coverage provided for other medical conditions.

SB 22 strengthens California's enforcement of state parity laws by measuring health insurers' compliance with in-depth, reliable data.

The bill requires health insurers to submit an annual report to the Department of Managed Health Care or the Department of Insurance to prove their compliance with documented

evidence that includes surveys with consumers and providers, and other analysis.

Moreover, this bill requires health insurers to make the annual report available to the public, principally by posting it on the insurer's website and, subject to hearings for which the consumer or provider are provided a right to petition.

As a new source of data for enforcement, SB 22 places the onus on plans and insurers to produce another data stream which regulators can use to enforce these laws.

The bill uses mental health parity standards developed by the Utilization Review Accreditation Commission. This voluntary insurance and managed care organization industry standard incorporates the requirements of the interim regulations for the Wellstone Domenici Mental Health Parity and Addiction Equity Act.

The URAC Standards provide the elements to shape the reporting of the plans and insurers on their parity compliance by acting as an additional layer of oversight on federal compliance for health plans.

Furthermore, the mandatory surveys allow consumers to share their experiences about the quality of care they received from their health insurer or managed care organization.

The passage of SB 22 will result in a significant positive financial impact to the State. Research shows access to mental health and substance use services reduces state expenditures.

A UCLA evaluation of Proposition 63 found that for each \$1 spent on mental health services, the state saved roughly 88 cents in costs to the criminal justice and health systems and housing services by reducing the number of arrests, incarcerations, and hospitalizations.

Other studies have revealed that for every dollar spent on substance use disorder treatment California saves \$7 in criminal justice, law enforcement, health and social services, and other state programs.

SB 22 is the necessary next step to ensure that everyone who needs mental health care has equal access to obtain the treatment they need.

SPONSOR

California Psychiatric Association

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