

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: 04/08/2024
POSITION: Oppose

BILL NUMBER: SB 999
AUTHOR: Cortese, Dave
RELATED BILLS: SB 999 (Cortese, 2022)

BILL SUMMARY: Health coverage: mental health and substance use disorders.

This bill requires a health plan or insurer to: (1) comply with utilization review determinations, which shall be completed by a qualified health care provider; (2) maintain direct communication access for utilization review during California business hours; and (3) provide the basis for a denial, including the clinical guidelines reviewed and an analysis of why the enrollee did not meet the clinical criteria.

FISCAL SUMMARY

The Department of Managed Health Care (DMHC) estimates the total cost of this bill to be \$1,621,000 Managed Care (MCF) and five positions in 2024-25, \$4,374,000 MCF and 12 positions in 2025-26, \$4,149,000 MCF and 12 positions in 2026-27, \$3,951,000 MCF and 13 positions in 2027-28, \$3,955,000 MCF and 13 positions in 2028-29 and annually thereafter.

A one-million dollar increase to the MCF results in a two-cent increase on assessments to full-service health plans and a one-cent increase to specialized health plans. To the extent this bill results in additional assessments on health plans, consumers may face increased premiums.

CalPERS estimates nominal costs but are unknown at this time.

Fiscal impacts for Covered California, the California Department of Insurance (CDI), and the Department of Health Care Services were not available at the time of this analysis. The current version of this bill does not apply to Medi-Cal managed care plans. To the extent this bill does impact Medi-Cal, there could potentially be General Fund cost pressures.

Any requests for additional resources are subject to review and approval through the annual budget process.

COMMENTS

The Department of Finance opposes this bill, as it creates costs to the Managed Care Fund not included in the 2024-25 spending plan. These costs would likely result in an increase to rates which would be passed on to consumers through higher premiums.

Finance notes the Governor vetoed SB 999, a similar version of this bill from the same author in 2022, noting that the bill was premature and unnecessary given the passage of SB 855 (Chapter 151, Statutes of 2020). SB 855 required health plans and insurers to provide full coverage for the treatment of all mental health and substance use disorder conditions, as well as establishing standards for what constitutes medically necessary treatment and critical for clinical guidelines.

Analyst/Principal	Date	Program Budget Manager	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

Cortese, Dave

04/08/2024

SB 999

COMMENTS (continued)

Both DMHC and CDI have released regulations to implement these changes to the law and healthcare industry are adapting to these new requirements.

Existing law established the Office of Health Care Affordability to contain costs drivers and establish a sustainable healthcare growth rate. The costs associated with this bill could increase the cost of health care for enrollees, conflicting with the state's goal to slow the growth of health care costs.

Code/Department Agency or Revenue Type	SO LA CO RV	(Fiscal Impact by Fiscal Year)					Fund Code		
		PROP 98	FC	2023-2024 FC	2024-2025 FC	2025-2026 FC			
4150/MngedHltCare	SO	No	B	0	C	1,621	C	4,374	0933
Fund Code 0933		Title Managed Care Fund							