

CALIFORNIA SENATE BILL (SB) 855 – CALIFORNIA MENTAL HEALTH PARITY ACT (REVISED)

BACKGROUND

CURRENT LAWS

Prior to the passage of Senate Bill (SB) 855, the California Mental Health Parity Act of 1999 required health plans and insurers to provide coverage for severe mental illness and serious emotional disturbances of a child under the same terms and conditions that are applied when treating medical conditions.

WHAT'S CHANGING

On September 25, 2020 Governor Newsom signed Senate Bill 855, Health Coverage: Mental Health or Substance Use Disorders.

SB 855 updates and expands the California Mental Health Parity Act of 1999 by requiring health plans and insurers to provide coverage for the medically necessary treatment of all mental health (MH) and substance use disorders (SUDs) under the same terms and conditions applied to other medical conditions. This means that all fully insured plans that provides hospital, medical, or surgical coverage in the IFP and group markets, including grandfathered plans, must provide coverage for mental health and substance use disorders (SUDs). This bill does not apply to Medi-Cal managed care plans, specialized plans that provide only dental or vision services, or self-funded plans.

The bill defines “medically necessary treatment of a mental health or substance use disorder” as “a service or product addressing the specific needs of that patient, for the purpose of preventing, diagnosing, or treating an illness, injury, condition, or its symptoms, including minimizing the progression of that illness, injury, condition, or its symptoms”.

DEFINITION OF MENTAL HEALTH AND SUBSTANCE USE DISORDER

SB 855 defines “mental health and substance use disorders” as those conditions listed in the most recent edition of the World Health Organization's International Classification of Diseases or in the American Psychiatric Association Diagnostic and Statistical Manual of Mental Disorders.

EFFECTIVE COMPLIANCE DATES

SB 855 applies to health plans and policies issued, delivered, amended, or renewed on or after January 1, 2021.

MARKET SEGMENT (LOB)

LOB: IFP, SG, Core, Premier, Custom

GF Status: Grandfather (GF), Non-Grandfather (NGF)

Exchange: On Exchange, Off Exchange

Medical Plans: HMO, PPO, EPO, POS, PSP

Product Types: Medical

Funding: Fully Insured, Flex Funded

Does not apply to:

Medicare Advantage, Med-Supp, Medi-Cal, Cal Medi-Connect, Stand-Alone Dental or Vision, Self-Funded, ASO, Shared Advantage

Regulator:

- Department of Managed Health Care (DMHC)
- California Department of Insurance (CDI)

FREQUENTLY ASKED QUESTIONS

1. What changes does SB 855 make to Mental Health and Substance Use Disorder coverage?

SB 855 updates and expands the California Mental Health Parity Act from 1999 and requires health plans and insurers to provide treatment for all mental health and substance abuse conditions under the same terms and conditions that are applied when treating medical conditions.

2. What is the effective compliance date of this law?

SB 855 applies to health plans and policies issued, delivered, amended, or renewed on or after January 1, 2021.

3. Does Blue Shield provide coverage for mental health and substance use disorders (SUDs)? Yes.

All fully insured plans that provides hospital, medical, or surgical coverage in the IFP and group markets, including grandfathered plans, must provide coverage for mental health and substance use disorders (SUDs).

4. What is the definition of “medically necessary treatment of a mental health or substance use disorder”?

The bill defines “medically necessary treatment of a mental health or substance use disorder” as “a service or product addressing the specific needs of that patient, for the purpose of preventing, diagnosing, or treating an illness, injury, condition, or its symptoms, including minimizing the progression of that illness, injury, condition, or its symptoms”.

5. What is the definition of “mental health and substance use disorders”?

SB 855 defines “mental health and substance use disorders” as those conditions listed in the most recent edition of the World Health Organization’s International Classification of Diseases or in the American Psychiatric Association Diagnostic and Statistical Manual of Mental Disorders.

6. What are the new clinical guidelines health plans and insurers must adopt for utilization management?

The new law requires a health plan or insurer to apply clinical guidelines developed by the nonprofit professional association for the relevant clinical specialty for utilization management.

7. What lines of business are affected by this law?

LOB: IFP, SG, Core, Premier, Custom

GF Status: Grandfather (GF), Non-Grandfather (NGF)

Exchange: On Exchange, Off Exchange

8. What products are affected by this law?

Medical Plans: HMO, PPO, EPO, POS, PSP

Product Types: Medical

9. What lines of business are not affected by this law?

Medicare Advantage, Med-Supp, Medi-Cal, Cal Medi-Connect, Stand-Alone Dental or Vision, and Self-funded, ASO and Shared Advantage.