

AMENDED IN ASSEMBLY APRIL 2, 2025

CALIFORNIA LEGISLATURE—2025–26 REGULAR SESSION

ASSEMBLY BILL

No. 1429

Introduced by Assembly Member Bains
(Coauthor: Assembly Member Schiavo)
(Coauthors: Senators Cervantes and Hurtado)

February 21, 2025

An act to add Article 3.6 (commencing with Section 1358.30) to Chapter 2.2 of Division 2 of, and to repeal Section 1358.31 of, the Health and Safety Code, relating to health care coverage.

LEGISLATIVE COUNSEL'S DIGEST

AB 1429, as amended, Bains. Behavioral health reimbursement.

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 requires a health care service plan contract issued, amended, or renewed on or after January 1, 2021, to provide coverage for medically necessary treatment of mental health and substance use disorders, as defined, under the same terms and conditions applied to other medical conditions.

This bill would require Kaiser Foundation Health Plan to fully reimburse an enrollee who incurs out-of-pocket costs for behavioral health care services obtained from non-Kaiser providers or facilities or mental health prescription medication obtained from a non-Kaiser pharmacy *or non-Kaiser provider* on or after ~~October 12, 2023~~, May 1, 2022, until the department certifies *to the Legislature* that Kaiser has successfully completed implementation of the corrective action work plan resulting from its 2023 settlement agreement with the department.

The bill would require an enrollee to submit specified documents for reimbursement and would require Kaiser to pay the reimbursement within 60 calendar days of an enrollee's submission of documented expenses. If Kaiser fails to provide this reimbursement, the bill would require it to pay the original amount plus 10% *per annum* interest to the enrollee, as well as a \$5,000 fine per incident. The bill would require Kaiser to establish specified procedures, and would require Kaiser to submit a monthly report to the department with specified information. Because a willful violation of the bill's provisions would be a crime, the bill would impose a state-mandated local program.

This bill would make legislative findings and declarations as to the necessity of a special statute for Kaiser Foundation Health Plan.

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. Article 3.6 (commencing with Section 1358.30)
2 is added to Chapter 2.2 of Division 2 of the Health and Safety
3 Code, to read:

4
5 Article 3.6. Behavioral Health Reimbursement

6
7 1358.30. For purposes of this article:

8 (a) "Behavioral health care" includes behavioral health services,
9 psychiatric services, psychological services, counseling, *addiction*
10 *services*, and related prescription medications that are offered by
11 Kaiser.

12 (b) "Kaiser" means Kaiser Foundation Health Plan and all its
13 subsidiaries operating in California.

14 (c) "Out-of-pocket costs" means any expenses paid directly by
15 an enrollee, including all of the following:

- 16 (1) Copayments.
17 (2) Deductibles.
18 (3) Prescription medication costs.

1 (4) Provider visit fees.

2 (5) Telehealth consultation fees.

3 (6) Transportation costs directly related to obtaining behavioral
4 health care.

5 1358.31. (a) Kaiser shall fully reimburse an enrollee who
6 incurs out-of-pocket costs for behavioral health care services
7 obtained from non-Kaiser providers or facilities.

8 (b) Kaiser shall reimburse an enrollee for the full retail cost the
9 enrollee paid for a mental health prescription medication obtained
10 from a non-Kaiser ~~pharmacy~~. *pharmacy or non-Kaiser provider.*

11 (c) Reimbursement shall be provided pursuant to this section
12 within 60 calendar days of an enrollee's submission of documented
13 expenses. To receive reimbursement, an enrollee shall submit all
14 of the following to Kaiser:

15 (1) Receipts or invoices showing actual costs paid.

16 (2) Documentation that the service or medication was prescribed
17 or recommended by a licensed mental health provider.

18 (3) A signed statement affirming that the expense was incurred
19 due to the enrollee's inability to obtain timely and appropriate care
20 through Kaiser.

21 (d) Reimbursement pursuant to this section shall be available
22 for out-of-pocket costs incurred on or after ~~October 12, 2023~~. *May*
23 *1, 2022.*

24 (e) This section shall remain in effect only until the department
25 certifies *to the Legislature by providing a detailed and publicly*
26 *available report posted on its internet website* that Kaiser has
27 successfully completed implementation of the corrective action
28 work plan resulting from its 2023 settlement agreement with the
29 department, and as of that date is repealed.

30 1358.32. (a) Kaiser shall establish procedures for all of the
31 following actions pursuant to Section 1358.31:

32 (1) Enrollee submission of reimbursement ~~requests~~. *requests in*
33 *either online or paper form.*

34 (2) Kaiser's processing of reimbursement requests.

35 (3) Appeals of denied reimbursement ~~requests~~. *requests in either*
36 *online or paper form.*

37 (4) Statistical monitoring of submitted, approved, and denied
38 reimbursement requests.

39 (b) The department shall review and determine if Kaiser has
40 fulfilled the requirements pursuant to subdivision ~~(a)~~. *(a), and shall*

1 *report its findings to the Legislature in compliance with Section*
2 *9795 of the Government Code.*

3 (c) Kaiser shall submit a monthly report to the department that
4 includes all of the following:

5 (1) Number of reimbursement requests received.

6 (2) Total amount reimbursed.

7 (3) Average processing time for reimbursement requests.

8 (4) Number of denied reimbursement requests and reasons for
9 denial.

10 1358.33. In addition to the sanctions that may be imposed
11 pursuant to Section 1390, failure to provide reimbursement as
12 required pursuant to Section 1358.31 shall result in both of the
13 following:

14 (a) Payment of the original amount plus 10 percent *per annum*
15 interest to the enrollee.

16 (b) A fine of five thousand dollars (\$5,000) per incident.

17 SEC. 2. The Legislature finds and declares that a special statute
18 is necessary and that a general statute cannot be made applicable
19 within the meaning of Section 16 of Article IV of the California
20 Constitution because of the need to ensure that patients of Kaiser
21 Foundation Health Plan receive adequate compensation for
22 out-of-pocket behavioral health care expenses incurred due to
23 deficiencies in Kaiser's behavioral health care services, until Kaiser
24 has fully corrected the deficiencies identified in the Department
25 of Managed Health Care's Enforcement Matter Number 22-469
26 and 2022 Non-Routine Survey 933-0055.

27 SEC. 3. No reimbursement is required by this act pursuant to
28 Section 6 of Article XIII B of the California Constitution because
29 the only costs that may be incurred by a local agency or school
30 district will be incurred because this act creates a new crime or
31 infraction, eliminates a crime or infraction, or changes the penalty
32 for a crime or infraction, within the meaning of Section 17556 of
33 the Government Code, or changes the definition of a crime within
34 the meaning of Section 6 of Article XIII B of the California
35 Constitution.