

AMENDED IN ASSEMBLY MAY 1, 2025

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~~ *the plan, as defined*, to fully reimburse an enrollee who incurs out-of-pocket costs for behavioral health care services obtained from ~~non-Kaiser nonplan~~ providers or facilities or mental health prescription medication obtained from a ~~non-Kaiser nonplan~~ pharmacy or ~~non-Kaiser nonplan~~ provider on or after May 1, 2022, until the department certifies to the Legislature

that ~~Kaiser~~ *the plan* 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~~ *the plan* to pay the reimbursement within 60 calendar days of an enrollee's submission of documented expenses. If ~~Kaiser~~ *the plan* 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~~ *the plan* to establish specified procedures, and would require ~~Kaiser~~ *the plan* 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 specified 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~~ *the plan*.
- 12 (b) ~~"Kaiser" means Kaiser Foundation Health Plan and all its~~
- 13 ~~subsidiaries operating in California.~~
- 14 (c)

1 (b) “Out-of-pocket costs” means any expenses paid directly by
2 an enrollee, including all of the following:

3 (c) “Plan” means a health care service plan identified in the
4 Department of Managed Health Care’s Enforcement Matter
5 Number 22-496 and 2022 Non-Routine Survey 933-0055.

6 (1) Copayments.

7 (2) Deductibles.

8 (3) Prescription medication costs.

9 (4) Provider visit fees.

10 (5) Telehealth consultation fees.

11 (6) Transportation costs directly related to obtaining behavioral
12 health care.

13 1358.31. (a) ~~Kaiser~~ The plan shall fully reimburse an enrollee
14 who incurs out-of-pocket costs for behavioral health care services
15 obtained from ~~non-Kaiser nonplan~~ providers or facilities.

16 (b) ~~Kaiser~~ The plan shall reimburse an enrollee for the full retail
17 cost the enrollee paid for a mental health prescription medication
18 obtained from a ~~non-Kaiser nonplan~~ pharmacy or ~~non-Kaiser~~
19 ~~nonplan~~ provider.

20 (c) Reimbursement shall be provided pursuant to this section
21 within 60 calendar days of an enrollee’s submission of documented
22 expenses. To receive reimbursement, an enrollee shall submit all
23 of the following to ~~Kaiser~~ the plan:

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

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

27 (3) A signed statement affirming that the expense was incurred
28 due to the enrollee’s inability to obtain timely and appropriate care
29 through ~~Kaiser~~ the plan.

30 (d) Reimbursement pursuant to this section shall be available
31 for out-of-pocket costs incurred on or after May 1, 2022.

32 (e) This section shall remain in effect only until the department
33 certifies to the Legislature by providing a detailed and publicly
34 available report posted on its internet website that ~~Kaiser~~ the plan
35 has successfully completed implementation of the any corrective
36 action work plan resulting from its 2023 settlement agreement
37 with the department, Department of Managed Health Care’s
38 Enforcement Matter Number 22-469 and 2022 Non-Routine Survey
39 933-0055, and as of that date is repealed.

1 1358.32. (a) ~~Kaiser~~ *The plan* shall establish procedures for all
2 of the following actions pursuant to Section 1358.31:

3 (1) Enrollee submission of reimbursement requests in either
4 online or paper form.

5 (2) ~~Kaiser's~~ *The plan's* processing of reimbursement requests.

6 (3) Appeals of denied reimbursement requests in either online
7 or paper form.

8 (4) Statistical monitoring of submitted, approved, and denied
9 reimbursement requests.

10 (b) The department shall review and determine if ~~Kaiser~~ *the*
11 *plan* has fulfilled the requirements pursuant to subdivision (a), and
12 shall report its findings to the Legislature in compliance with
13 Section 9795 of the Government Code.

14 (c) ~~Kaiser~~ *The plan* shall submit a monthly report to the
15 department that includes all of the following:

16 (1) Number of reimbursement requests received.

17 (2) Total amount reimbursed.

18 (3) Average processing time for reimbursement requests.

19 (4) Number of denied reimbursement requests and reasons for
20 denial.

21 1358.33. In addition to the sanctions that may be imposed
22 pursuant to Section 1390, failure to provide reimbursement as
23 required pursuant to Section 1358.31 shall result in both of the
24 following:

25 (a) Payment of the original amount plus 10 percent per annum
26 interest to the enrollee.

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

28 SEC. 2. The Legislature finds and declares that a special statute
29 is necessary and that a general statute cannot be made applicable
30 within the meaning of Section 16 of Article IV of the California
31 Constitution because of the need to ensure that patients ~~of Kaiser~~
32 ~~Foundation Health Plan~~ receive adequate compensation for
33 out-of-pocket behavioral health care expenses incurred due to
34 deficiencies in ~~Kaiser's~~ *the plan's* behavioral health care services,
35 until ~~Kaiser has fully corrected~~ *the plan fully corrects* the
36 deficiencies identified in the Department of Managed Health Care's
37 Enforcement Matter Number 22-469 and 2022 Non-Routine Survey
38 933-0055.

39 SEC. 3. No reimbursement is required by this act pursuant to
40 Section 6 of Article XIII B of the California Constitution because

1 the only costs that may be incurred by a local agency or school
2 district will be incurred because this act creates a new crime or
3 infraction, eliminates a crime or infraction, or changes the penalty
4 for a crime or infraction, within the meaning of Section 17556 of
5 the Government Code, or changes the definition of a crime within
6 the meaning of Section 6 of Article XIII B of the California
7 Constitution.

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