SENATE COMMITTEE ON APPROPRIATIONS
Senator Anna Caballero, Chair
2025 - 2026 Regular Session

AB 1032 (Harabedian) - Coverage for behavioral health visits

Version: July 15, 2025
Urgency: Yes
Hearing Date: August 18, 2025

Policy Vote: HEALTH 8 - 0
Mandate: Yes
Consultant: Agnes Lee

Bill Summary: AB 1032, an urgency measure, would require a large group health plan contract or insurance policy to cover up to 12 visits with a behavioral health provider if the enrollee/insured is in a county where a local or state emergency has been declared due to wildfires, as specified.

Fiscal Impact:

- The Department of Managed Health Care (DMHC) estimates costs of approximately $370,000 in 2026-27 and $348,000 annually thereafter for state administration (Managed Care Fund).

- The California Department of Insurance (CDI) estimates costs of $3,000 in 2025-26 and $16,000 in 2026-27 for state administration (Insurance Fund).

- Unknown potential General Fund costs to the extent there are increases in premiums for CalPERS plans.

Background: Current law requires every health plan contract and insurance policy that provides hospital, medical, or surgical coverage to provide coverage for medically necessary treatment of mental health and substance use disorders under the same terms and conditions applied to other medical conditions, as specified. Current law defines medically necessary treatment of mental health or substance use disorder to include that the service or product is in accordance with generally accepted standards of mental health or substance use disorder care, and clinically appropriate in terms of type, frequency, extent, site, and duration. In conducting utilization review of all covered services and benefits for the diagnosis, prevention, and treatment of mental health and substance use disorders, health plans and insurers must apply the criteria and guidelines in the most recent versions of treatment criteria developed by the nonprofit professional association for the relevant clinical specialty.

Current law requires health plans and insurers to provide an enrollee/insured who has been displaced or whose health otherwise may be affected by a state of emergency declared by the Governor, or a health emergency declared by the State Public Health Officer, access to medically necessary health care services. Health plans and insurers must, within 48 hours of a declaration, file a notification to the DMHC/CDI describing whether the plan/insurer has experienced or expects to experience any disruption to operations, explaining how the plan or insurer is communicating with potentially impacted enrollees/insureds, and summarizing the actions taken or in the process of taking to ensure that the health care needs of enrollees/insureds are met. The

DMHC/CDI may require the plan/insurer to take actions, including, but not limited to, the following:

- Shorten time limits for health plans/insurers to approve prior authorization, precertification, or referrals, and extend the time that prior authorizations, precertifications, and referrals remain valid.

- Extend filing deadlines for claims.

- Suspend prescription refill limitations and allow an impacted enrollee/insured to refill their prescriptions at an out-of-network pharmacy.

- Authorize an enrollee/insured to replace medical equipment or supplies.

- Allow an enrollee/insured to access an appropriate out-of-network provider if an in-network provider is unavailable due to the state of emergency or if the enrollee/insured is out of the area due to displacement.

- Have a toll-free telephone number that an affected enrollee/insured may call for answers to questions, as specified.

Proposed Law: Specific provisions of the bill would:

- Require a large group health plan contract or insurance policy issued, amended, or renewed on or after January 1, 2026, to cover or reimburse an eligible enrollee/insured for up to 12 visits with a behavioral health provider if the enrollee/insured is in a county or counties where a local or state emergency has been declared due to wildfires, and the enrollee has experienced a loss, trauma, or displacement because of the fire; and prohibit these 12 visits from being subject to utilization review, as defined, and must apply regardless of the network status of the behavioral health provider.

- Require that a noncontracting provider may only collect from the enrollee/insured the in-network cost sharing amount.

- Require that upon implementation of the bill's provisions or within 30 days of when a local or state emergency due to wildfires has been declared, the health plan/insurer must provide notice to all affected enrollees/insureds of this provision, and that an enrollee/insured can access these services from any behavioral health provider.

- Exempt Medi-Cal managed care plans.

- Contain an urgency clause.

Related Legislation: AB 546 (Caloza), an urgency measure, would require large group health plans and insurers to include coverage for one portable high-efficiency particulate air (HEPA) purifier in a county where a local or state emergency has been declared due to wildfires, as specified. The bill is scheduled to be heard on August 18, 2025 in this committee.

Staff Comments: According to the California Health Benefits Review Program (CHBRP) analysis of AB 1032 (July 15, 2025 version), the bill would result in a projected increase of $18,393,000 in total annual expenditures for enrollees with plans regulated by the DMHC and policies regulated by the CDI. This includes costs of $1,461,000 due to an estimated increase in CalPERS plan premiums.

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