

Date of Hearing: April 22, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

AB 2551 (Elhawary) – As Amended March 19, 2026

Policy Committee: Health

Vote: 16 - 0

Urgency: No

State Mandated Local Program: Yes

Reimbursable: No

SUMMARY:

This bill requires health plans and insurers (collectively, health plans) to collect information and report on the number of enrollees and insureds (collectively, enrollees) seeking out-of-network behavioral health (BH) care. This bill also expands existing licensing board reporting requirements to include whether a licensee or registrant contracts with a health plan insurer to provide services.

Specifically, this bill:

- 1) Requires a health plan to conduct an annual survey of all enrollees to assess the number of enrollees seeking or accessing BH care services from out-of-network providers, out-of-pocket expenditures for BH care services from out-of-network providers, and reasons for seeking or accessing out-of-network providers, as specified.
- 2) Requires health plans to utilize DMHC or CDI's standards adopted pursuant to this bill, by October 1, 2027, and requires the annual survey to be optional for enrollees to complete.
- 3) Allows the health plan to incorporate questions to fulfill these requirements into existing surveys.
- 4) Requires a health plan to report survey findings to the Department of Managed Health Care (DMHC) or the California Department of Insurance (CDI) on or before May 1, 2028 and annually thereafter.
- 5) Requires DMHC and CDI to adopt regulations establishing standard requirements and a survey tool for health plans to use to comply with this bill, by July 1, 2027, and requires the regulations to include standards and guidelines for the collection of enrollee-level demographic data to assess and report disparities in seeking out-of-network BH care, and out-of-pocket expenditures, as specified.
- 6) Requires DMHC and CDI to develop an annual report based on data submitted pursuant to this bill and existing reports of BH network adequacy.
- 7) Requires all other healing arts boards under the Department of Consumer Affairs (DCA) to collect data on whether their respective licensees and registrants contract with a health plan or health insurer to provide services, and to specify the type of health plan or health insurer.

FISCAL EFFECT:

DMHC estimates costs of approximately \$677,000 in fiscal year (FY) 2026-27; \$1.16 million in FY 2027-28, \$1.13 million each year in FYs 2028-29 and 2029-30, and \$1.11 million in FY 2030-31 and annually thereafter (Managed Care Fund (MCF)). These costs include three to four additional staff positions to promulgate regulations; prepare an annual network report; meet with and otherwise communicate with stakeholders; and conduct legal, clinical, and statistical research. Costs also include contracts with consultants for statistical analyses to determine health plan compliance, among other activities and expenses. DMHC notes that, generally, a \$1 million increase to the MCF could result in an increase of \$0.02 per enrollee per year on assessments to full-service health plans and \$0.01 for specialized health plans.

Costs to CDI of an unknown amount, potentially in the hundreds of thousands of dollars per year, to prepare the report, develop regulations and guidelines and communicate with insurers, and assess compliance (Insurance Fund).

DCA reports the healing arts boards anticipate minimal to no fiscal impact, as existing systems and processes can be used to collect the required information. DCA's Office of Information Services estimates updating survey questions to include data collection would cost \$15,000, which is absorbable.

COMMENTS:

- 1) **Purpose.** This bill is sponsored by California Pan-Ethnic Health Network. According to the author:

Parity laws were supposed to guarantee that mental health care is treated the same as physical health care. That's not happening. Our constituents are still forced to go out of network and pay thousands out of pocket just to get the care they need. [This bill] is about closing that gap and making sure insurance actually works for the people it's meant to serve.

- 2) **Background.** According to the Department of Health Care Access and Information (HCAI), all 58 counties were projected to face a shortage across all BH roles in 2025, with the most severe shortages in the Northern and Sierra, Inland Empire, and San Joaquin Valley regions. HCAI estimates there is a statewide shortage of over 72,000 BH providers, including associate level clinicians (such as associate professional clinical counselors), non-prescribing licensed clinicians (such as licensed clinical social workers), and psychiatrists, and the shortfall is projected to grow significantly.

The growing workforce shortage creates significant access gaps for patients seeking BH care. These gaps are further compounded by poor provider networks. The national advocacy organization Inseparable recently released a report on the scope of the national BH provider shortage and found that in California, patients had to seek BH care out-of-network 5.8 times more often than they do for medical or surgical care. Inseparable cites low reimbursement rates and burdensome insurer practices as drivers that push BH providers out of insurance networks, leaving inadequate access to care for patients. The Center for American Progress

reports that Black, Native, and low-income communities have experienced heightened levels of BH needs and have disproportionately struggled to access much-needed services.

- 3) **Opposition.** The California Association of Health Plans (CAHP) and Association of California Life and Health Insurance Companies (ACLHIC) write that the mandates in this bill increase administrative costs without addressing the root causes of access challenges. The opposition argues that this bill oversimplifies why enrollees seek out-of-network BH care and that in many cases, especially in preferred provider organization products, out-of-network use reflects plan design rather than a lack of access.
- 4) **Related Legislation.** AB 2011 (Hart) codifies federal BH parity regulations into state law. AB 2011 is pending on the Assembly floor.

Analysis Prepared by: Allegra Kim / APPR. / (916) 319-2081