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## SENATE COMMITTEE ON APPROPRIATIONS

Senator Anna Caballero, Chair  
2025 - 2026 Regular Session

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### AB 669 (Haney) - Substance use disorder coverage

**Version:** July 15, 2025

**Urgency:** No

**Hearing Date:** August 18, 2025

**Policy Vote:** HEALTH 10 - 1

**Mandate:** Yes

**Consultant:** Agnes Lee

**Bill Summary:** AB 669 would require health plans and insurers to cover specified services related to substance use disorder treatment without utilization review, as specified.

#### **Fiscal Impact:**

- The Department of Managed Health Care (DMHC) estimates costs of approximately \$626,000 in 2025-26, \$2,072,000 in 2026-27, \$2,293,000 in 2027-28, and \$2,286,000 annually thereafter for state administration (Managed Care Fund).
- The California Department of Insurance (CDI) estimates costs of \$16,000 in 2025-26 and \$67,000 in 2026-27 for state administration (Insurance Fund).

**Background:** Current law authorizes health plans and insurers to use prior authorization, which is a form of utilization review or utilization management, to determine whether to authorize, modify, or deny health care services. Utilization review can occur prospectively, retrospectively, or concurrently, and a health plan or insurer can approve, modify, delay or deny in whole or in part a request based on its medical necessity.

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.

**Proposed Law:** Specific provisions of the bill would:

- Prohibit the in-network health care services and benefits for the first 28 days of a treatment plan for inpatient or residential substance use disorder stay at specified facilities from being subject to concurrent or retrospective review of medical

necessity; permit prior authorization for the 28-day initial treatment period; and permit concurrent review after day 29.

- Prohibit, for in-network health care services and benefits for outpatient services provided at specified certified programs, substance use disorder visits from being subject to concurrent or retrospective review of medical necessity or any other utilization management review.
- Prohibit the in-network health care services and benefits for the first 28 days of intensive outpatient or partial hospitalization services for substance use disorder from being subject to retrospective review of medical necessity; permit prior authorization for the 28-day initial treatment period; and permit concurrent or retrospective review for day 29 and days thereafter.
- Exempt Medi-Cal plans.

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