

Date of Hearing: August 20, 2025

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

SB 62 (Menjivar) – As Amended July 1, 2025

Policy Committee: Health

Vote: 16 - 0

Urgency: No

State Mandated Local Program: Yes

Reimbursable: No

SUMMARY:

This bill defines, beginning January 1, 2027, if the U.S. Department of Health and Human Services (DHHS) approves a new essential health benefits (EHBs) benchmark plan for the state, the state EHB benchmark plan for health care service plans (health plans) to additionally include coverage for hearing aids, durable medical equipment, and infertility benefits.

Specifically, this bill:

- 1) States the intent of the Legislature to review California's EHB benchmark plan and establish a new benchmark plan for the 2027 plan year for health plans.
- 2) Adds, commencing January 1, 2027, if DHHS approves a new EHB benchmark plan for California, the following benefits to the benchmark plan:
 - a) Specified services to evaluate, diagnose, and treat infertility, including artificial insemination, gamete retrieval, attempts to create embryos, cryopreservation and storage of gametes and embryos, embryo transfers, specified testing, and surrogacy coverage, among others.
 - b) Specified durable medical equipment, including mobility devices such as walkers and manual and power wheelchairs and scooters, augmented communications devices, and hospital beds, among other items.
 - c) An annual hearing exam and one hearing aid per ear every three years.

FISCAL EFFECT:

The Department of Managed Health Care (DMHC) anticipates minor and absorbable costs.

COMMENTS:

- 1) **Background. *Federal Affordable Care Act (ACA)*.** Enacted in March 2010, the ACA expanded access to quality, affordable insurance and health care and provides the framework, policies, regulations, and guidelines for the implementation of comprehensive health care reform by the states. The ACA prohibits insurers from denying coverage or charging higher premiums based on preexisting conditions. The ACA, along with tax credits for low- and middle-income people buying insurance on their own in health benefit exchanges (Covered California in California), make it easier for people with preexisting conditions to obtain

health coverage. The ACA also required health plans sold in the individual and small group markets to offer EHBs in a “benchmark” plan. The federal government gave each state the authority to choose its benchmark plan.

California’s EHBs. According to the California Health Benefits Review Program, the base-benchmark plan California selected for 2014, the Kaiser Foundation Health Plan Small Group HMO 30 plan, was the largest plan by enrollment in one of the three largest small-group insurance products in the state’s small-group market. California supplemented this plan with the pediatric oral benefit from its Children’s Health Insurance Program, and the pediatric vision benefits from a federal plan to create the EHB benchmark plan. Additionally, California chose to define habilitative services and required these services be provided “under the same terms and conditions applied to rehabilitative services.”

New Benchmark Plan Selection. According to DMHC, federal law dictates the process a state must follow when selecting a new benchmark plan. This process includes criteria for the “floor” and “ceiling” of benefit packages, benefits for diverse segments of the population, benefit designs that are not discriminatory, and submission of a formulary list, among others.

In March 2025, DMHC announced California’s intent to submit a proposal to the federal government to add three new benefits – those proposed in this bill – to the state’s EHB benchmark plan. On May 5, 2025, DMHC, on behalf of the state, submitted to the federal Centers for Medicare & Medicaid Services (CMS) an application to update California’s benchmark plan. If CMS approves the proposed EHB benchmark, legislation to codify the new benchmark plan will be necessary for the new benchmark to go into effect for the January 1, 2027 plan year. This bill and AB 224 (Bonta) were introduced to codify any benchmark changes that may come out of this process.

- 2) **Related Legislation.** AB 224 (Bonta) is similar to this bill, except it amends the Insurance Code and applies to health insurance. AB 224 is pending in the Senate Appropriations Committee.

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