Message from the Director

It is hard to believe that we are already almost half-way into 2021. The DMHC has continued working to fulfill our mission of protecting consumers’ health care rights and ensuring a stable health care delivery system. As we look forward to the rest of this year, I want to take a moment to share my current priorities of supporting the state’s recovery from the COVID-19 pandemic and ensuring consumers have access to needed and delayed care, ensuring that health plan enrollees have access to appropriate behavioral health care services, and looking at health equity in everything we do.

The Governor’s California Comeback Plan was released on May 14, including several health and human services proposals. These proposals look to transform the behavioral health system for children and youth; support vulnerable and homeless families; build an age-friendly state for our older neighbors; advance and innovate California’s Medicaid program; and provide care to the most marginalized. For the DMHC, we are working with the Administration to transform the behavioral health system for children and youth, and we have a proposal to establish health equity and quality standards for commercial and Medi-Cal managed care health plans.

The DMHC continues to work closely with all stakeholders to protect Californians from COVID-19. I encourage you to visit the DMHC COVID-19 resource web page as it is updated consistently to include the Department’s latest actions and guidance.

The DMHC issues All Plan Letters (APLs) to health plans providing guidance and information. Recently the DMHC issued APLs directing health plans to prioritize vaccines for individuals with high-risk health conditions or disabilities, requiring health plans arrange for homebound enrollees to obtain COVID-19 vaccines, including providing information on transportation assistance, and requiring full-service health plans to cover qualifying vaccines to prevent COVID-19. The DMHC also issued an APL on the implementation of Senate Bill 855 directing health plans to provide full coverage for the treatment of all mental health conditions and substance use disorders and to demonstrate compliance.
The DMHC Help Center continues to be a valuable resource to assist health care consumers in resolving issues with their health plans. If you are having a problem with your health plan, including getting access to care or are being denied treatment, I encourage you to first contact your health plan to file a grievance. If you are dissatisfied with your health plan’s response, or if your health plan does not resolve the issue within 30 days, then contact the DMHC Help Center for assistance at 1-888-466-2219 or www.HealthHelp.ca.gov. If you have an urgent health issue, please immediately contact the DMHC Help Center.

Lastly, I am very happy to announce the California State Senate voted to confirm me on Monday, May 17, 2021 as Director of the DMHC. Earlier in May, I received a unanimous vote of support from the Senate Rules Committee. I am honored to have the Senate’s support, and I would also like to thank Governor Newsom and Secretary Ghaly for the opportunity to serve in this role.

I want to acknowledge that leaders are only as good as their team. I am honored to have an amazing leadership team supporting me and a world class team of over 500 staff that share my passion and commitment to ensuring consumers have access to the health care they need. I am humbled by the opportunity to lead them and commit to creating a culture where we celebrate and embrace our diversity, encourage creativity and innovation, to operate with transparency and to put California’s diverse consumers at the center of everything we do.

Thank you for your support and continued interest in the DMHC.

Sincerely,

Mary Watanabe
Director
California Department of Managed Health Care

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**DMHC COVID-19 Actions**

The DMHC is taking action to protect consumers’ health care rights and ensure a stable health care delivery system during the COVID-19 state of emergency. Some of the recent actions the Department has taken to ensure enrollees have access to the care they need is included here below. The DMHC’s [COVID-19 resource web page](#) includes more information about the Department’s actions, including the following consumer fact sheets on coverage options, testing and vaccines.

- **Coverage Options Fact Sheet**
  - [English](#), [Spanish](#)
- **Consumer Fact Sheet on COVID-19 Testing**
- **COVID-19 Vaccine Fact Sheet**
COVID-19 Vaccine Prioritization

Following guidance issued by the California Department of Public Health (CDPH), the DMHC issued an All Plan Letter (APL) to ensure health plans take all appropriate steps to help enrollees at the very highest risk receive COVID-19 vaccinations in a timely and efficient manner. Health plans should coordinate with their contracted health care providers to engage in outreach to enrollees at the very highest risk to ensure those enrollees are aware they are eligible to receive COVID-19 vaccinations and how the enrollees can obtain vaccinations.

On February 12, 2021, CDPH issued a Provider Bulletin (“Provider Bulletin”) regarding vaccine prioritization for individuals deemed to be at the very highest risk to get very sick from COVID-19 either because the individual has one or more enumerated severe health conditions and/or a developmental or other significant, high-risk disability. On March 11, 2021, the CDPH issued guidance to the public regarding how people at the very highest risk, as described in the Provider Bulletin, can gain access to COVID-19 vaccinations beginning March 15, 2021.

COVID-19 Vaccines for Homebound Enrollees, Transportation Assistance

Vaccinating individuals who lack transportation or who are homebound is a priority for the state. However, some enrollees may have difficulty accessing the vaccine because they lack transportation to a vaccination site. Other enrollees may not be able to access the vaccine because they are homebound due to a health care condition or a disability. For homebound enrollees, traveling to access a vaccine may be very difficult, not feasible or could jeopardize their life or health. The DMHC issued an All Plan Letter (APL) reminding plans they must arrange for vaccines for individuals receiving “home health services,” and providing information for enrollees requesting transportation assistance to a vaccination site.

COVID-19 Vaccines

The DMHC issued an All Plan Letter (APL) to health plans regulated by the Department requiring full-service health plans cover qualifying vaccines to prevent COVID-19. In compliance with the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act, health plans must cover the administration costs without any enrollee cost-sharing, such as co-pays, co-insurance or deductibles. Additionally, health plans must cover the costs of administering COVID-19 vaccines to health plan enrollees regardless of whether the vaccines are administered by in-network or out-of-network providers during the federally declared COVID-19 public health emergency.

State Resources and Information on COVID-19

Departments throughout the state are working with the Administration to respond to COVID-19 and ensure Californians have the resources they need to stay safe and healthy. As the pandemic evolves, we understand information can change quickly. It is important that you are getting the most up-to-date information from reliable sources.

The DMHC created a web page dedicated to providing guidance in response to COVID-19. The Department is working closely with state and local leaders, health plans, providers and other stakeholders in supporting actions to mitigate the spread and severity of COVID-19. Click the banner below to access the DMHC COVID-19 Response web page.
You can find additional state resources below to stay informed on the latest information and guidance regarding COVID-19.

**Additional State Resources:**
- [COVID19.ca.gov](https://www.California.gov)
- [CDPH COVID-19 Updates](https://www.California.gov)
- [DHCS COVID-19 Response](https://www.California.gov)

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**Ensuring Health Plans Comply with California’s Mental Health and Substance Use Parity Law**

The DMHC issued guidance to ensure health plans comply with amendments made to California’s mental health parity law enacted under Senate Bill (SB) 855, authored by Senator Scott Wiener (D-San Francisco) and signed by Governor Gavin Newsom last year.

SB 855 requires commercial health plans and insurers to provide full coverage for the treatment of all mental health conditions and substance use disorders. It also establishes specific standards for what constitutes medically necessary treatment and criteria for the use of clinical guidelines.

This new law applies to all state-regulated health care service plans and insurers that provide hospital, medical, or surgical coverage, and to any entity acting on the plan or insurer’s behalf. A health plan cannot limit benefits or coverage for mental health or substance use disorders treatments or services when medically necessary.

The DMHC issued an [All Plan Letter](https://www.California.gov) to all commercial full-service health plans and specialized health plans offering behavioral health services that are regulated by the Department requiring the plans demonstrate compliance with SB 855. A [fact sheet](https://www.California.gov) is also available to help health plan enrollees understand the changes under SB 855.
Large Group Aggregate Rates and Prescription Drug Cost Transparency

The DMHC issued the Large Group Aggregate Rates and Prescription Drug Cost Transparency report for 2020. The report summarizes the large group aggregate rate information and analyzes the impact of the cost of prescription drugs on health plan premiums in the large group market for measurement year 2020, including comparisons over the course of five reported years. Twenty-three health plans submitted large group aggregate rate and prescription drug cost information.

Generally, from 2016 to 2020, the annual average rate increases for the large group market have remained relatively consistent averaging around 4% each year. A comparison of these average rate increases to those of Covered California and CalPERS shows that the annual average rate increases for the large group market have ranged from 3.5% to 5.5%, compared to Covered California which ranged from 0.5% to 21.1% and CalPERS ranged from 1.1% to 7.7%.

Prescription drug costs, net of manufacturer rebates, accounted for 13.3% of total health care premiums in 2020, a slight decrease from 13.6% in 2019. Medical expenses made up 71.9%, or $365.12, of total health plan premiums on a PMPM basis. Medical expenses increased by 1.2% since 2019, a lower rate increase than prescription drug expenses, which increased by 1.7%.

Health plans first submitted their large group aggregate rate information in October 2016. The DMHC held its first public meeting on large group aggregate rates in February 2017.

Health Plans’ Prescription Drug Costs Increased $1 Billion since 2017

The DMHC released the Prescription Drug Cost Transparency Report for Measurement Year 2019 at the end of 2020. The report looks at the impact of the cost of prescription drugs on health plan premiums and compares this data over three reporting years: 2017, 2018, and 2019. Among other findings, the report reveals that health plans paid an increase of $1 billion on prescription drugs since 2017, including an increase of $600 million in 2019.

The DMHC considered the total volume of prescription drugs covered by health plans and the total cost paid by health plans for those drugs. Additionally, the Department analyzed how the 25 most frequently prescribed drugs, the 25 most costly drugs, and the 25 drugs with the highest year-over-year increase in total annual spending impacted health plan premiums.

Timely Access Report for Measurement Year 2019

Providing timely access to health care services is among a health plan’s fundamental duties to its enrollees. DMHC’s Timely Access Report summarizes provider appointment availability data health plans submitted to the Department.

The Timely Access Report for Measurement Year 2019 is now available on the DMHC website.
Regulation Update

COVID-19 Emergency Regulation
This regulation classified COVID-19 testing as medically necessary urgent care for essential workers. The regulation specified, during the state of emergency declared by the Governor, that COVID-19 diagnostic testing was a medically necessary basic health care services for all essential workers, as defined. The regulation also sought to prevent delays in testing and claims payment related to COVID-19 testing. The DMHC emergency regulation regarding COVID-19 diagnostic testing took effect on July 17, 2020, and lapsed on May 15, 2021. The DMHC determined it was unnecessary to extend the regulation, due to broadened federal guidance regarding COVID-19 testing. That federal guidance requires health plans to cover all COVID-19 diagnostic testing regardless of whether the enrollee is an essential worker and regardless of whether the enrollee has symptoms of COVID-19 or exposure to someone with COVID-19.

Timely Access to Non-Emergency Health Care Services
The purpose of this regulation is to clarify and make specific the standardized methodology for how health plans report timely access to care requirements and annual network requirements to the DMHC. This regulation will help the DMHC ensure health plans are meeting timely access to care requirements, and allow for meaningful comparisons of timely access to care information across health plans. The regulation was submitted to the Office of Administrative Law in June, the first comment period closed on July 27, 2020, the second comment period closed on January 21, 2021, and the third comment period closed on May 3, 2021. The DMHC programs are now reviewing recent public comments and finalizing the regulation package.

Conflict of Interest Regulation
California law requires state and local agencies to adopt and promulgate conflict of interest codes. This regulation will update the DMHC’s conflict of interest code. It identifies the positions within the DMHC that are required to file a Form 700. The Form 700 provides transparency and ensures accountability of elected officials and public employees who may have influences over government decisions. The FPPC approved our Conflict of Interest Code Amendment on November 12, 2020 and OAL processed our submission to File & Print the regulation on March 3, 2021.

DMHC Help Center
The DMHC Help Center educates consumers about their health care rights, resolves consumer complaints, helps consumers navigate and understand their coverage and ensures access to appropriate health care services.

If a consumer is experiencing an issue with their health plan or is having difficulty accessing care, they can file a grievance with their plan. If they are not satisfied with their health plan’s resolution of the grievance or have been in the grievance process for 30 days, they should contact the DMHC Help Center for assistance at 1-888-466-2219 or online at www.HealthHelp.ca.gov.

If a health plan denies, changes or delays a consumer’s request for medical services, denies payment for emergency treatment or refuses to cover experimental or investigational treatment, the health plan enrollee can apply for an Independent Medical Review (IMR). Doctors
independent of the health plan review the case, and the health plan must follow the
determination. Approximately 60% of consumers who file an IMR with the DMHC receive their
requested service or treatment from their health plan. For more information, please
visit www.HealthHelp.ca.gov.

DMHC Career Opportunities

The DMHC is always seeking smart, talented and enthusiastic people to join our team. More
information about careers with the DMHC is located on the CalCareers website.

DMHC Web Banners

The DMHC created the following web banners to help raise consumer awareness and utilization
of the DMHC Help Center. The DMHC Help Center:

- Works with health care consumers to resolve coverage issues and other complaints
  regarding their health plans.
- Administers the Independent Medical Review (IMR) Program, providing health care
  consumers an independent, external review when their health plan denies a treatment or
  service. Approximately 60% of consumers receive the treatment or service requested
  through the IMR program.
- Helps consumers understand their health care rights.
- Provides all services for FREE in all languages.

If your organization is interested in hosting the DMHC web banners on your website, please
email stakeholder@dmhc.ca.gov. The web banners are also available in additional languages
including Spanish.
About DMHC:
The DMHC protects the health care rights of more than 26 million Californians and ensures a stable health care delivery system. The Department has helped more than 2.4 million Californians resolve health plan problems through the Help Center. Information and assistance is available at www.HealthHelp.ca.gov or by calling 1-888-466-2219.