

DMHC Newsletter

Protecting consumers' health care rights and ensuring a stable health care delivery system



Message from the Director



I want to start off 2022 by wishing everyone a Happy New Year and to express my gratitude to the Department of Managed Health Care (DMHC) staff for their commitment and dedication as we continue to navigate through these uncertain times. I am very proud of the work the DMHC has done over this last year in particular to achieve our mission of protecting consumers' health care rights and ensuring a stable health care delivery system.

The Governor recently released his [proposed state budget](#) including several proposals that build on the strategic health and human services investments made in the 2021 Budget Act. The proposed budget includes additional investments to support the state's ongoing response efforts to address COVID-19, including

expanding vaccinations, testing and supporting hospitals. The Governor's proposal also includes efforts to expand health care coverage toward achieving the goal of universal coverage, creates an Office of Health Care Affordability, invests in behavioral health and in the state's health care workforce, and continues work to improve the state's ability to serve the whole person.

The DMHC continues to work closely with the California Health and Human Services Agency (CalHHS), the California Department of Public Health and other partners to support the state's priorities to slow the spread of COVID-19. The DMHC has created a [COVID-19 Response webpage](#) on our website as a resource to share information, consumer fact sheets and guidance to health plans. I want to remind everyone that health plans regulated by the DMHC must cover COVID-19 tests and vaccines without any enrollee cost-sharing.

Last month, the DMHC approved Centene's acquisition of Magellan with conditions to protect consumers. Our review focused on ensuring compliance with the strong consumer protection requirements in the law. The conditions imposed on the plans by the Department will protect consumers, help control health care costs and support access to behavioral health care services in California. This was the first major transaction to be reviewed by the Department since Assembly Bill (AB) 595 (2018) was enacted and expanded the DMHC's oversight of health plan mergers.

This past year was also the DMHC's first year conducting behavioral health focused investigations. We are continuing to wrap up work on the focused investigations conducted in the

first year, and will begin work on our second year which will include two of the largest health plans regulated by the DMHC, Kaiser Permanente and Anthem Blue Cross. These investigations will be critical to better understanding the systemic barriers consumers face with accessing behavioral health care.

The Department will be convening the first meeting of the Health Equity and Quality Committee in the first quarter of this year. I am really excited about this initiative and our continued focus within the DMHC and CalHHS on health equity.

The DMHC also implemented several new laws in 2021, and will be working on implementing many new laws this year. Many of the significant bills we will be working to implement are highlighted in this newsletter.

The DMHC Help Center continues to be a valuable resource to assist health care consumers. If you are having a problem with your health plan, such as getting access to care or are being denied treatment, I encourage you to contact the DMHC Help Center for assistance at 1-888-466-2219 or www.HealthHelp.ca.gov.

Thank you for your support and continued interest in the DMHC. I wish you all a very happy and healthy year ahead!

Sincerely,

Mary Watanabe

Director
California Department of Managed Health Care

DMHC Approves Centene's Acquisition of Magellan with Conditions to Protect Consumers

The DMHC [approved](#) Centene Corporation's (Centene) acquisition of Magellan Health, Inc. (Magellan) with [conditions](#) to ensure the merger does not adversely impact enrollees or the stability of California's health care delivery system.

Any sale or purchase of a DMHC-licensed health plan requires approval by the DMHC. Magellan is the parent entity for two DMHC-licensed plans, Human Affairs International of California (HAI-CA) and Magellan Health Services of California, Inc. – Employer Services (MHSC). HAI-CA and MHSC are specialized health care service plans, licensed by the DMHC to arrange for the provision of behavioral health care services throughout California.

The DMHC conducted a comprehensive review of the merger including obtaining an independent impact analysis that evaluated the impact of the merger on subscribers and enrollees and the stability of the health care delivery system. As part of its review, the Department considered the findings and recommendations in the independent impact analysis. The Department also conducted a public meeting on the proposed merger, to solicit input from the public.

HAI-CA and MHSC filed notices with the DMHC outlining the proposed acquisition and change of control on January 12, 2021. The Department [determined](#) the transaction met the requirements of a major transaction in the law on March 12, 2021, requiring the Department to hold a public

meeting and obtain an independent impact analysis on the merger. The DMHC held a public meeting on October 27, 2021.

DMHC Report Shows Prescription Drug Costs Increased \$1.5 Billion Over Four Years

The DMHC released the [Prescription Drug Cost Transparency Report for Measurement Year 2020](#) on December 27, 2021. The report looks at the impact of the cost of prescription drugs on health plan premiums and compares this data over four reporting years: 2017, 2018, 2019 and 2020. Among other findings, the report reveals that health plan spending on prescription drugs increased by \$1.5 billion since 2017, including an increase of \$500 million in 2020.

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.

Health Equity and Quality Committee

The DMHC has been working to establish a Health Equity and Quality Committee to help eliminate health care disparities for Californians. The Committee will make recommendations to the DMHC Director for standard health equity and quality measures, including annual benchmark standards for assessing equity and quality in health care delivery. The DMHC plans to convene the Committee by March 1, 2022, and the Committee will provide initial recommendations to the Director by September 30, 2022.

The DMHC issued a solicitation for members to serve on the Health Equity and Quality Committee, and the Department will announce the membership by the first meeting. The Department's goal is to create a Committee that reflects California's diverse population by recruiting people who represent and have knowledge of diverse communities, including the racial, cultural, ethnic, sexual orientation, gender, economic, linguistic, age, disability, and geographical diversity of California. The Committee will also include representatives from other state agencies that are engaged in the work of setting quality and goals or standards for health care entities.

Behavioral Health Focused Investigations

The DMHC received approval in the 2020-21 state budget to conduct focused investigations of all full service commercial health plans regulated by the Department to further evaluate health plan compliance with parity and assess whether enrollees have consistent access to medically necessary behavioral health care services.

A goal of the investigations is to identify and understand the challenges and barriers enrollees may still face in obtaining behavioral health care services, and to identify systemic changes that can be made to improve the delivery of care.

The DMHC anticipates an average of five investigations will be conducted per year and all full service commercial health plans will be investigated over approximately five years. The

Department recently posted the health plans that will be investigated in the second year to the DMHC [website](#).

More information on the Department's efforts around health plan compliance with federal and state behavioral health care requirements is available under [Behavioral Health Plan Compliance](#).

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.



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](#)

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. You can find additional state resources below to stay informed on the latest information and guidance regarding COVID-19.

- [COVID19.ca.gov](#)
- [CDPH COVID-19 Updates](#)
- [DHCS COVID-19 Response](#)

New Year, New Laws

The Governor signed several bills that directly impact the DMHC. The DMHC will be working to implement these bills in 2022. Below is an overview of some of these bills.

Health Equity and Quality Committee

AB 133 (Committee on Budget, 2021) requires the DMHC to establish and convene a Health Equity and Quality Committee by March 1, 2022, to make recommendations for standard measures and benchmarks for assessing health equity and quality. The Committee will make recommendations by September 30, 2022, and the DMHC will establish standards for health plans to comply with starting in 2023. The DMHC will also produce a Health Equity and Quality Compliance annual report beginning in 2025.

Colorectal Cancer Coverage

AB 342 (Gipson, 2021) requires health plans to cover, at zero cost-sharing, a colorectal cancer (CRC) screening examination or laboratory test assigned either a grade of A or B by the United States Preventive Services Task Force (USPSTF). This also includes a colonoscopy required after a positive result on a test or procedure that is a CRC screening or laboratory test assigned either a grade of A or B by the USPSTF. This bill took effect on January 1, 2022.

Step Therapy Exceptions

AB 347 (Arambula, 2021) requires health plans to expedite a request for step therapy exception if the prescribing provider determines the exception is needed to treat the enrollee's medical needs. Health plans may use step therapy in prescribing medications to enrollees to encourage the use of less expensive yet effective prescriptions before more costly prescriptions are approved. Enrollees may appeal to the health plan through existing grievance procedures. This bill took effect on January 1, 2022.

Telehealth Coverage

AB 457 (Santiago, 2021) requires health plans to provide notices to enrollees when offering telehealth services through third-party corporate telehealth providers. The bill would also ensure enrollee medical record continuity by requiring health plans that use third-party telehealth providers to send the patient records to enrollees' primary care providers. This bill took effect on January 1, 2022.

Medical Confidentiality

AB 1184 (Chiu, 2021) protects the privacy rights of people receiving sensitive health care services, including reproductive health care and gender-affirming care, by ensuring patient information is kept confidential if they are not the primary policyholder for their health insurance. This bill took effect on January 1, 2022.

Timely Access to Care

SB 221 (Wiener, 2021) adds existing timely access to care standards into law, in addition to a new timely access standard of 10 business days for nonurgent follow-up appointments with a nonphysician mental health care or substance use disorder provider. Some provisions of this bill took effect on January 1, 2022.

STD Home Test Kits

SB 306 (Pan, 2021) requires health plans to cover sexually transmitted disease (STD) home test kits. This bill took effect on January 1, 2022.

Deductibles and Out-of-Pocket Expenses

SB 368 (Limón, 2021) requires health plans to inform enrollees of their accrual balance toward their annual deductible or out-of-pocket maximum for every month in which benefits are used, and until the accrual balance equals the full deductible or out-of-pocket maximum amount. This bill takes effect on July 1, 2022.

Adverse Childhood Experiences Screening

SB 428 (Hurtado, 2021) requires health plans to provide coverage for Adverse Childhood Experiences (ACEs) screenings. This bill took effect on January 1, 2022.

COVID-19 Cost Sharing

SB 510 (Pan, 2021) requires health plans to cover the costs associated with diagnostic and screening testing for and immunization against COVID-19 without cost-sharing, prior authorization, or utilization management regardless of whether the services are provided by an in-network or out-of-network provider. This bill took effect on January 1, 2022.

Biomarker Testing

SB 535 (Limón, 2021) prohibits health plans from requiring prior authorization for non-experimental biomarker testing for an enrollee with either advanced or metastatic stage 3 or 4 cancer or if there is progression or recurrence of advanced stage 3 or 4 cancer. The bill permits a plan to require prior authorization for biomarker-testing that is not Food and Drug Administration (FDA) approved for such cancers. This bill takes effect on July 1, 2022.

Regulation Update

Transfer of Enrollees Pursuant to a Public Health Order

The purpose of this emergency regulation is to ensure the appropriate transfer of patients between health care facilities to address the surge of COVID-19 cases. Under this regulation, for patient transfers due to a covered public health order, the health plan cannot require prior authorization or otherwise delay or prevent the transfer; the plan must cover the medically necessary costs of moving the enrollee between the facilities; the plan must reimburse the facilities and other requirements, as specified; and enrollee costs must be limited to in-network costs. This emergency regulation was effective January 15, 2021 through November 13, 2021. The DMHC has initiated the process to make this regulation permanent.

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 final regulation package was approved by the Office of Administrative Law (OAL) on January 12, 2022, and the regulation will take effect on April 1, 2022.

Summary of Dental Benefits and Coverage Disclosure Matrix

The purpose of this regulation is to implement requirements for a uniform benefits and coverage disclosure matrix that must be used by health care service plans that issue, sell, renew, or offer a contract that covers dental services in California. This regulation will help ensure that consumers may more easily compare a summary of dental benefits offered by various health care service plans. The Department's current emergency regulation is in effect and the DMHC has initiated the process of making a uniform benefits and coverage disclosure matrix regulation permanent.

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.

The first step is to file a grievance with your health plan if you are experiencing an issue with your health plan or having difficulty accessing care. Contact the DMHC Help Center for assistance if you are not satisfied with your health plan's resolution of the grievance or have been in the grievance process for 30 days. The DMHC Help Center can be reached at 1-888-466-2219 or www.HealthHelp.ca.gov. If you have an urgent health issue, please contact the DMHC Help Center immediately.

If a health plan denies, changes or delays a request for medical services, denies payment for emergency treatment or refuses to cover experimental or investigational treatment, a health plan enrollee can apply for an Independent Medical Review (IMR) through the DMHC Help Center. Independent doctors will review the case, and the health plan must follow the IMR determination. Approximately 68% 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.

If your organization is interested in hosting the DMHC web banners on your website, please email stakeholder@dmhc.ca.gov. The web banners are available in additional languages including Spanish.





The DMHC Protects the Health
Care Rights of More Than
27.7 Million Californians

[Learn More](#)

1-888-466-2219

HAVE A PROBLEM WITH YOUR HEALTH PLAN? CONTACT THE DMHC

HealthHelp.ca.gov

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About DMHC:

The DMHC protects the health care rights of more than 27.7 million Californians and ensures a stable health care delivery system. The Department has helped 2.5 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.