Director's Remarks

November 12, 2025

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Director

The Department of Managed Health Care (DMHC)

Five Year Strategic Plan

Our Mission

The **MISSION** of the DMHC is to ensure health plan members have access to equitable, high-quality, timely, and affordable health care within a stable health care delivery system.

Our Approach

The DMHC accomplishes this important mission by:

- **REGULATING** health plans
- **ENFORCING** California's strong consumer protection laws
- **ASSISTING** health plan members

Our Vision

The DMHC's **VISION** is to improve health care access, quality, and value to empower all Californians to live healthier lives.

This **VISION** will be **REALIZED** when all Californians under the DMHC's jurisdiction can easily access high-quality, affordable health care.

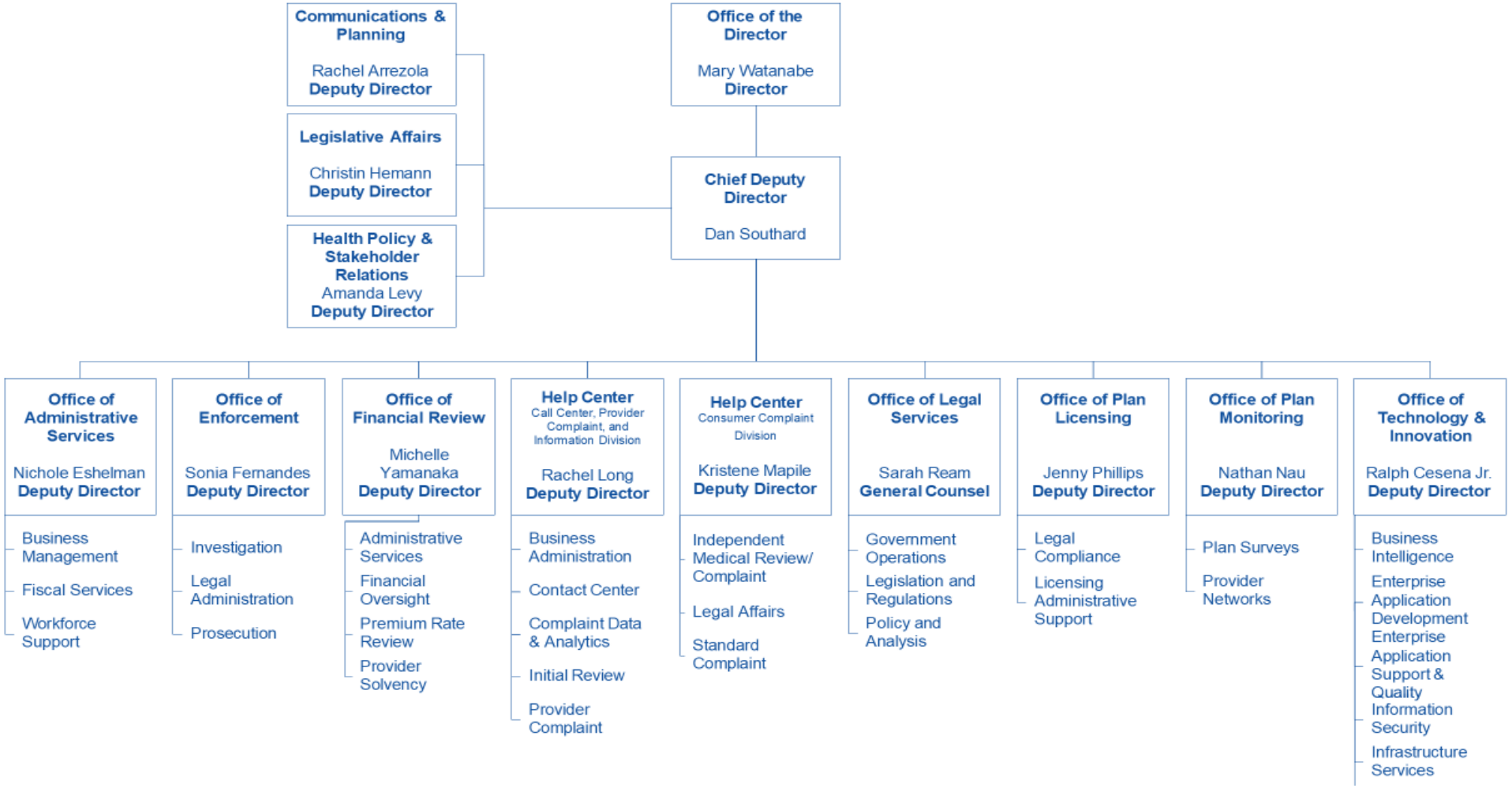
Core Values

- **Diversity, Equity, Inclusion and Belonging**…We create a safe space where everyone is seen, heard, and valued.
- **Respect**…We treat everyone with professionalism and dignity.
- **Teamwork**…We encourage collaboration, and value creativity and innovation.
- **Excellence**…We strive for quality in everything we do.
- **Integrity**…We operate with transparency and fairness.
- **Agility and Adaptability**…We remain flexible to respond dynamically to change.

Strategic Areas of Focus

1. **ACCOUNTABILITY:** Hold health plans accountable by enforcing the strong consumer protections in the law.
2. **POLICY:** Identify, recommend and implement regulatory changes that protect health plan members' rights and support a stable health care delivery system.
3. **PRODUCTIVITY:** Leverage technology to enhance information management and drive process modernization.
4. **PEOPLE:** Develop the DMHC's capabilities and leaders necessary for the future.
5. **PARTNERSHIP:** Adopt a robust communication and outreach practice to encourage collaboration and inform priorities.

DMHC Organization Chart



2024 Accomplishments

3.1 MILLION
HEALTH PLAN MEMBERS ASSISTED

The DMHC Help Center protects health plan member rights, resolves member complaints, and helps members navigate and understand their coverage ensuring access to health care services.

$296.1 MILLION
dollars saved on Health Plan Premiums through the Rate Review Program since 2011

$62.2 MILLION
dollars recovered from health plans on behalf of health plan members

30.2 MILLION
Californians' health care rights are protected by the DMHC

140
LICENSED HEALTH PLANS

98 FULL SERVICE

42 SPECIALIZED

$227.1 MILLION
dollars in payments recovered to physicians and hospitals

97%
of state-regulated commercial and public health plan enrollment is regulated by the DMHC

$198.4 MILLION
dollars assessed against health plans that violated the law

Approximately 73%
of health plan member appeals (IMRs) to the DMHC resulted in the health plan member receiving the requested service or treatment from their health plan

December 31, 2024

DMHC Priorities

1. Affordability and Federal Changes
2. Pharmacy Benefit Manager (PBM) Licensure
3. Behavioral Health
4. Health Equity and Quality
5. Essential Health Benefits (EHBs) and New Benchmark Plan
6. Implementation of Five-Year Strategic Plan

Affordability and Federal Changes

2026 Premium Rate Increases:

- Individual Market – Average rate increase of 10% and average premium of $755.20
- Small Group Market – Average rate increase of 9.2% and average premium of $746.69
- Large Group Market – Average rate increase of 8.5% and average premium of $717.63

Affordability and Federal Changes

- Primary Cost Drivers
- Impact of Federal changes on health plans and health care delivery system
- Assembly Bill (AB) 144
- Vaccine and Preventive Service Coverage Requirements

Health Plan Coverage Requirements

Health plans / health insurers licensed by the DMHC / CDI must cover preventive care items and services, including immunizations, with **NO** cost-sharing or utilization management (prior authorization), if:

- Recommended by existing federal bodies as of January 1, 2025
- Recommended by CDPH

Health Plan Coverage Requirements (2)

Under CA law, health plan members have the right to COVID-19 tests, vaccines & treatment with no cost-sharing.

Vaccine Resources

- DMHC Know Your Health Care Rights Fact Sheet on COVID-19 Tests, Vaccines & Treatment includes important information on health plan coverage requirements.
- DMHC All Plan Letter 25-015 summarizes new requirements under AB 144 & highlights recent recommendations by CDPH regarding immunizations to protect against COVID19, RSV, and influenza.
- California Health and Human Services Agency (CalHHS) webinar on Vaccine Access and Guidance.

PBM Licensure

The 2025-26 May Revision included new PBM requirements:

- PBMs must obtain a license from the DMHC by January 1, 2027
- Health plans are required to ensure their PBMs obtain a license
- Required to submit quarterly financial statements and other information to the DMHC
- Required to report prescription drug information to HCAI

Behavioral Health

- Behavioral Health Investigations
- Children and Youth Behavioral Health Initiative (CYBHI)
- SB 855, Mental Health/Substance Use Disorder Coverage Requirements
- CARE Act
- AB 988, Mental Health: 988 Crisis Hotline
- Behavioral Health Services Act Reform

Health Equity and Quality Initiative

- Assembly Bill 133 required the DMHC to establish a Health Equity and Quality Measure Set (HEQMS) and a benchmark standard for all DMHC-licensed health care service plans.
- The purpose is to ensure all health plan members have access to care and to address disparities in health outcomes.
- Summary report and individual plan reports for Measurement Year 2023 released later this year.

Essential Health Benefits (EHBs)

- EHBs are the benefits that all non-grandfathered health plan contracts in the small group and individual market must cover under federal law and through requirements set forth in state statute.
- Over the last year, the Administration and the Legislature collaborated on a process to update the benchmark plan and expand EHBs.
- On May 5, 2025, we submitted an application to CMS to expand EHBs.

New Benefits

- Services to evaluate, diagnose and treat infertility, including in vitro fertilization (IVF) and artificial insemination.
- An annual hearing exam and one hearing aid for each ear every three years.
- Expanded durable medical equipment (DME) benefits, including walkers, manual and power wheelchairs, scooters, hospital beds, portable oxygen, and augmented communication devices.

2025 Enacted Legislation

- AB 260 (Aguiar-Curry) Mifepristone Coverage
- AB 951 (Ta) Autism Rediagnosis Prohibition
- AB 1041 (Bennett) Provider Credentialing Form
- SB 40 (Wiener) Insulin $35 Cost-Sharing Cap
- SB 386 (Limon) Dental Provider Fee-Based Payments

2025 Enacted Legislation

- SB 402 (Valladares) Autism Provider Definitions Relocation
- SB 439 (Weber-Pierson) CHBRP Extension
- SB 497 (Wiener) Gender-Affirming Care Protections

2025 Enacted Legislation

SB 41 (Wiener) Pharmacy Benefit Manager Requirements

- Enacts reform of the allowable business practices for pharmacy benefit managers (PBMs), which will be licensed by DMHC.
- PBM licensure is in accordance with trailer bill legislation enacted in 2025 (AB 116, Health Omnibus Trailer Bill).
- Effective Date (most provisions): January 1, 2026.
- Effective Date (licensure/enforcement against PBMs): January 1, 2027.

2025 Enacted Legislation

SB 41 (Wiener) Pharmacy Benefit Manager Requirements

- Reforms PBM revenue generating abilities, including prohibiting spread pricing, and requiring manufacturer rebates to be passed through to health plans, among other things.
- Reforms pharmacy network practices, including prohibiting discrimination against nonaffiliated pharmacies, and requiring PBMs to add any pharmacy willing to adopt standard terms to their networks.

2025 Enacted Legislation

SB 306 (Becker) Prior Authorization Data/Exemptions

- Requires health plans and health insurers to submit data to the DMHC and CDI.
- Data includes the types of health care services subject to prior authorization (PA) requirements, the percentage rate at which they are approved or modified, and other information about PA determinations.

2025 Enacted Legislation

SB 306 (Becker) Prior Authorization Data/Exemptions

- After consulting with stakeholders, DMHC and CDI will issue a list of health care services that shall not be subject to a PA requirement.
- Effective Date: List of services issued July 1, 2027.
- Compliance Date: January 1, 2028.
- Sunset Date: January 1, 2034.

Questions