June 23, 2025

The Honorable Mia Bonta
Chair, Assembly Health Committee
1020 N Street, Room 390
Sacramento, CA 95814

SUBJECT: SB 363 (Weiner) — SUPPORT
As Amended May 23, 2025

Dear Assemblymember Bonta,

When timely access to medically necessary care is delayed or denied, waiting patients suffer and medical outcomes are compromised. Many of these harmful delays and denials are caused by inappropriate denials of care and lack of adequate mechanisms to hold insurers accountable for their claims decisions. Thoughtful and comprehensive reform is necessary to ensure that California's residents can receive the care they need.

On behalf of more than 400 hospitals and health systems, the California Hospital Association (CHA) is writing to express support for Senate Bill (SB) 363, which would require health care service plans and insurers to annually report to the Department of Managed Health Care (DMHC) or the Department of Insurance their total number of claims processed, as well as treatment denials or modifications. Additionally, the bill would require the appropriate department to compare that data to the number of determinations that were reversed or overturned, and to impose a penalty if that proportion exceeds 50%.

Health care service plans and insurers have the right and responsibility to manage access to care. If applied correctly, claims review and prior authorization processes can be valuable tools to manage utilization and to support the delivery of safe and appropriate patient care. Too often, however, these same insurer processes become barriers and lead to harmful and unnecessary interruptions in care. As a result, this increases the administrative burden on care providers and diverts time and resources away from patient care to communication and appeals procedures.

DMHC reports that 72% of 2023 health plan member cases that qualified for the department's Independent Medical Review (IMR) Program ultimately received the requested necessary care. This high percentage of reversals raises serious questions of the accuracy of plan initial determinations and raises concerns that many plan members are not able to access the care they need. Moreover, the lack of comprehensive reporting limits the ability of state regulators and consumers to identify and address system-wide issues or provide effective oversight. SB 363 would take important steps to improve insurer accountability by requiring plans to report the number of reversals or IMR overturns of treatment

denials, and be subject to an administrative penalty when the percentage of reversals or overturns exceeds a specified threshold.

SB 363 would incentivize plans to improve their initial decision-making by removing financial incentives to deny or delay necessary care, and by requiring greater reporting and accountability to state regulatory agencies.

For these reasons, CHA requests your "AYE" vote on SB 363.

Sincerely,

Kalyn Dean

Kalyn Dean
Vice President, State Advocacy

cc: The Honorable Scott Wiener
The Honorable Members of the Assembly Health Committee
Scott Bain, Consultant, Assembly Health Committee
Justin Boman, Consultant, Assembly Republican Caucus