



March 10, 2025

Mayor

Joe Stapleton

Mayor Pro Tem

Lauren Kleiman

Council Members

Michelle Barto

Noah Blom

Robyn Grant

Sara J. Weber

Erik Kenneth Weigand

The Honorable Diane Dixon
California State Assembly
1021 O Street, Room 5330
Sacramento, CA 95814

RE: AB 877 (Dixon): Health Care Coverage Substance Use Disorder Residential Facilities City of Newport Beach – Notice of Support

Dear Assembly Member Dixon,

On behalf of the City of Newport Beach, I write to express our support for AB 877 (Dixon), which improves transparency and consistency in health care coverage for individuals receiving treatment for substance use disorder (SUD) in licensed and certified residential facilities. AB 877 is a crucial step in ensuring that health plans and insurers accurately classify and process claims related to SUD treatment, thereby promoting equitable access to necessary care for those struggling with addiction.

AB 877 addresses a critical gap in the understanding and billing of substance use disorder treatment by requiring the Department of Managed Health Care, the Department of Insurance, and the State Department of Health Care Services to send informative letters to health plans, insurers, and Medi-Cal managed care plans. These letters will clarify that SUD treatment in licensed residential facilities is predominantly nonmedical, except in rare cases. By ensuring that these entities correctly categorize services, this measure will help streamline billing processes and prevent unnecessary denials of coverage, which can delay or obstruct critical treatment.

Furthermore, this AB 877 recognizes the importance of coordination among regulatory agencies, requiring them to collaborate with the Department of Social Services. This collaborative approach will ensure that health care providers and insurers operate under a consistent framework, reducing administrative confusion and reinforcing the integrity of state's commitment to mental health and substance use treatment. Such clarity will ultimately improve the patient's experience and can reduce the financial burden on individuals seeking recovery.

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By reinforcing the proper classification of residential SUD treatment, AB 877 supports a more efficient, transparent, and accountable health care system. It also empowers individuals and families navigating the complexities of insurance coverage for SUD treatment by mitigating the risk of denied or delayed claims due to administrative misinterpretation.

For these reasons, the City of Newport Beach supports AB 877 (Dixon).

Sincerely,



Joe Stapleton
Mayor
City of Newport Beach

cc: Senator Tony Strickland
Newport Beach City Council