

# Policy At A Glance:

## Mental Health and Substance Use Disorder Treatment (SB 1320)

*Mental health challenges and substance use disorders are often interconnected with physical health issues, yet treatment for these conditions is often separate from health care provided in primary care settings. This brief provides an overview of mental health and substance use in California, the California Naloxone Distribution Program, and key provisions outlined in SB 1320.*

### Introduction

Mental health and substance use disorder services are often provided through complex and fragmented care systems, creating challenges in addressing these issues effectively at the provider level.<sup>1</sup> Mental health challenges and physical health issues are often interconnected, with many patients receiving medical care from their primary care provider also facing co-occurring mental health or substance use disorders, which can influence their physical health and treatment strategies.<sup>2</sup>

To address this issue, Governor Newsom signed Mental Health and Substance Use Disorder Treatment (SB 1320) into law on July 15, 2024.<sup>3</sup> SB 1320 establishes a process for reimbursing providers who deliver mental health and substance use disorder treatments integrated with primary care. It also mandates insurers to provide reimbursement for these services.<sup>3,4</sup>

This brief provides an overview of the current state of mental health and substance use in California, the California Naloxone Distribution Program, and key provisions outlined in the Mental Health and Substance Use Disorder Treatment (SB 1320).

### Key Statistics

- 6.4%** Of adults in California have alcohol use disorder.<sup>5</sup>
- 3.3%** Of adults in California have substance use disorder involving illicit drugs.<sup>5</sup>
- 0.6%** Of adults in California have an addiction to prescription pain medication.<sup>5</sup>
- 15.8%** Of adolescents in California reported using marijuana in the last year.<sup>6</sup>
- 2.7%** Of adolescents in California reported misusing pain relievers in the last year in 2023.<sup>6</sup>

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## Mental Health and Substance Use in California

Mental illnesses are diagnosable conditions that can impact an individual's emotional, psychological, and social wellbeing. These conditions include disorders such as depression, anxiety, and schizophrenia, as well as mood and personality disorders.<sup>7</sup> Research has shown that nearly 46% of adults in California reported experiencing symptoms of anxiety or depression, and 22% of those individuals were unable to get the necessary counseling or therapy.<sup>8</sup> Furthermore, nearly 287,000 youth in California with major depression do not receive the necessary therapy or treatment.<sup>9</sup>

Mental illnesses can play a role in substance use and the development of substance use disorders (SUD).<sup>10</sup> SUDs involve the use of illicit drugs or meeting the criteria for alcohol dependence or abuse. It is characterized by a pattern of substance use, resulting in clinically significant impairment or distress.<sup>7</sup> Studies show that individuals with conditions such as anxiety, depression, or post-traumatic stress disorder (PTSD) may turn to drugs or alcohol to self-medicate.<sup>10</sup> According to the National Survey on Drug Use and Health, nearly half of individuals in the U.S. with a serious severe psychiatric illness also experience a co-occurring SUD.<sup>11,12</sup>

Across California, approximately 2.9 million individuals, or 9% of the population, over age 12 struggle with SUD.<sup>13</sup> However, only 10% of those struggling receive any type of treatment due to various barriers, such as disparities in access to treatment, geographic limitations, and financial barriers.<sup>14</sup> Furthermore, approximately 11,000 deaths were due to drug overdose in 2022.<sup>15</sup>

## California Naloxone Distribution Project

The California Naloxone Distribution Project (NDP) is a public health initiative led by the Department of Health Care Services (DHCS) to combat opioid overdoses by increasing access to naloxone, a life-saving medication that reverses opioid overdoses.<sup>16</sup> The program is part of the state's broader effort to address the opioid epidemic and reduce overdose deaths.<sup>17</sup> Starting May 2024, the NDP provides naloxone at no cost to qualified organizations and individuals, including first responders, community organizations, schools, and health departments. Alongside naloxone distribution, the program emphasizes training on recognizing opioid overdoses and administering naloxone effectively.<sup>17,18</sup>



## Key Provisions in SB 1320

Mental illnesses and SUDs can significantly impact daily life, impairing work, family interactions, and other key functions. These disorders are among the leading causes of disability across the nation.<sup>19</sup> Approximately 2.7 million Californians meet the criteria for substance use disorder, yet only 10% will receive any form of treatment.<sup>20,21</sup> Additionally, research has shown that 74% of adults enrolled in a substance abuse treatment program began using alcohol or drugs before the age of 17.<sup>21</sup>

Currently, both state and federal laws mandate that health plans must cover treatment for mental health and SUDs.<sup>22</sup> The California's Mental Health Parity Act (SB 855), as amended in 2020, requires commercial health plans and insurers to fully cover treatment for all mental health conditions and substance use disorders.<sup>23,24</sup> It also sets clear standards for defining medically necessary treatment and the application of clinical guidelines.<sup>22,23</sup>

Traditionally, prevention and treatment services for substance misuse and SUDs have been separate from other mental and general health care services. However, studies have shown that the integration of prevention, treatment, and recovery services within healthcare systems is essential to improving access and quality of care.<sup>25</sup> Therefore, Mental Health and Substance Use Disorder Treatment (SB 1320) aims to improve the integration of

mental health and SUD treatment with primary care services through a new reimbursement process for providers.<sup>3</sup>

### **New Reimbursement Requirement**

SB 1320 mandates that healthcare service plans and disability insurers establish a reimbursement process for providers offering integrated mental health and SUD treatments within primary care.<sup>3,24</sup> This requirement applies to services under health plans or policies issued, amended, or renewed on or after July 1, 2025.<sup>3</sup> The goal is to foster the integration of mental and physical health care by encouraging insurer support and creating financial incentives for providers to adopt sustainable, comprehensive care models.<sup>4</sup>

### **Integration of Services**

A central component of SB 1320 is the emphasis on integrated care, combining mental health and SUD treatment with primary care services.<sup>3</sup> These integrated models foster collaboration between specialty behavioral health providers and primary care providers, improving overall health outcomes and expanding access to behavioral health and SUD treatment.<sup>26,27</sup> Furthermore, by reducing duplicative services and enabling earlier intervention, this approach has the potential to generate cost savings and lower health care expenses for both patients and insurers.<sup>4</sup>

## Conclusion

The current healthcare system creates a divide between behavioral and physical health, characterized by a fragmented delivery model and restricted access to care.<sup>2</sup> Individuals with serious mental illness often have high rates of substance use.<sup>1</sup> According to the Substance Abuse and Mental Health Services Administration (SAMHSA), of the 14.6 million adults in the U.S. diagnosed with a serious mental illness (SMI), 6.8 million also had a co-occurring substance use disorder (SUD). However, only 18.6% of adults with a SMI received specialized SUD treatment alongside behavioral health services, and nearly 37.6% receive no treatment for either SMI or SUD.<sup>28</sup> Therefore, SB 1320 seeks to bridge the gap between mental health and primary care by promoting an integrated system that improves coordination and ensures individuals with mental illnesses and co-occurring substance use disorders receive comprehensive treatment.<sup>3</sup>

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## Did you know?

Nearly 108,000 individuals across the United States died from a drug overdose in 2023.<sup>29</sup>



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Institute for Health Policy and Leadership

11209 Anderson Street  
Loma Linda, CA 92354  
Phone: 909-558-7022  
Fax: 909-558-5638  
www.IHPL.llu.edu

Questions?

Please contact Renée Chuang, MS,  
Doctoral Graduate Assistant at the  
Institute for Health Policy & Leadership  
(RChuang@llu.edu).