

Kaiser to spend \$150M to improve mental health care services under settlement agreement

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Kaiser Permanente's offices in Santa Clara.

Chris Hardy/SFC

Kaiser Permanente, California's largest provider of health services, will spend \$150 million over five years to improve its mental health care and pay a \$50 million penalty under a settlement announced Thursday by the state.

The settlement follows an investigation that the state Department of Managed Health Care began in May 2022 after complaints from patients and providers about access and oversight of behavioral health care at Kaiser facilities, the department said. It said there were more problems with access after 2,000 non-physician mental health workers in Northern California began [a 10-week strike](#) in August 2022.

The settlement was signed Wednesday by representatives of the state and Kaiser Foundation Health Plan, the nonprofit that provides health care for Kaiser Permanente patients. It requires the plan to spend \$150 million on additional health care facilities and other changes that will improve patients' access, more evaluation of the quality of care provided by Kaiser employees and contractors, and referrals to other providers when Kaiser staff is not available.

The company must also "improve its grievance and appeals policies and procedures to include making sure enrollee grievances are acknowledged, adequately considered, and responded to" promptly, the department said.

During last year's strike, the department said, Kaiser "canceled behavioral health appointments and, in many cases, did not provide enrollees with behavioral health appointments that met timely access and clinical standards that were still required" despite the absence of many regular workers.

"In addition to paying the highest fine the DMHC has ever levied against a health plan, Kaiser Permanente has agreed to make significant improvements to the plan's operations, processes and procedures and business model to better assist enrollees with accessing care," Mary Watanabe, the department's director, said in a statement.

"The DMHC is committed to using its full authority to hold Kaiser accountable and ensure enrollees have access to behavioral health care when they need it."

The settlement is "a tectonic shift in terms of our accountability on the delivery of behavioral health services," said Gov. Gavin Newsom. "Accountability of the private sector is foundational to ensuring our entire system of behavioral health care works for all Californians."

As of Dec. 31, according to the state agency, Kaiser Permanente had more than 9 million enrollees in 32 California counties, and reported statewide revenue for the year of \$91 billion.

The company's president and chief executive officer, Greg A. Adams, said Kaiser and other health providers have experienced "an unprecedented rise in demand for mental health care services over the past three years," largely driven by the COVID-19 pandemic. He said Kaiser Permanente has invested an additional \$1.1 billion in mental health care since 2020 and hired nearly 600 more therapists, but has not been able to meet all the needs for additional care.

"Our agreement with the DMHC takes full accountability for our performance during the survey period including our shortcomings, acknowledges our work to improve mental health care, and ensures that our ongoing investments not only help the members of Kaiser Permanente, but also build a stronger mental health foundation in the communities we serve," Adams said in a statement.

Sal Roselli, president of the National Union of Healthcare Workers, which represents more than 4,000 Kaiser psychologists, social workers and therapists, said the settlement was "a monumental victory for Kaiser Permanente patients and its mental health therapists who have

waged multiple strikes over the past decade to make Kaiser fix its broken behavioral healthcare system.”

But it is not clear whether the latest settlement will produce changes that state officials had sought in previous actions.

In 2007, the department said, Kaiser agreed to pay a \$2 million penalty and take steps to improve mental health care and monitoring. In 2013 the department fined Kaiser Permanente \$4 million for failing to provide adequate mental health treatment.

Then in 2017, the company agreed to a settlement in the state that included plans to shorten waiting times for mental health patients — plans that apparently have not been fully carried out, based on Thursday’s announcement.

The department said complaints it received about behavioral health treatment at Kaiser Permanente were 20% higher in 2021 than in 2020.

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