ASSEMBLY BILL No. 30

Introduced by Assembly Member Evans

December 4, 2006

An act to add Section 1374.4 to the Health and Safety Code, and to add Section 10123.90 to the Insurance Code, relating to health care coverage.

LEGISLATIVE COUNSEL’S DIGEST


Existing law, the Knox-Keene Health Care Service Plan Act of 1975 (the Knox-Keene Act), provides for the licensure and regulation of health care service plans by the Department of Managed Health Care and makes a willful violation of the act a crime. Existing law also provides for the regulation of health insurers by the Department of Insurance. Under existing law, a plan and a health insurer are required to provide coverage, as specified, for the testing and treatment of phenylketonuria.

This bill would extend this coverage requirement for health care service plans and insurers, as specified, to inborn errors of metabolism, as defined.

Because the bill would specify an additional requirement under the Knox-Keene Act, the willful violation of which would be a crime, it would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state.
Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Existing law does not provide a system of health care coverage for all California residents and does not require employers to provide health care coverage for employees and their families, other than coverage provided as part of the workers' compensation system for work-related employee injuries. Existing law provides for the creation of various programs to provide health care services to persons who have limited incomes and meet various eligibility requirements. These programs include the Healthy Families Program administered by the Managed Risk Medical Insurance Board, and the Medi-Cal program administered by the State Department of Health Care Services. Existing law provides for the regulation of health care service plans by the Department of Managed Health Care and health insurers by the Department of Insurance.

This bill would declare the intent of the Legislature to provide for reducing costs and improving quality of health care for working Californians and their families by minimizing administrative overhead; assuring that those working Californians and their families receive timely access to appropriate health care, and identifying and reducing health care that is both high cost and low quality.


The people of the State of California do enact as follows:

SECTION 1. Section 1374.4 is added to the Health and Safety Code, to read:

1374.4. (a) Every health care service plan contract, except a specialized health care service plan contract, issued, amended, delivered, or renewed in this state on and after January 1, 2008, that provides coverage for hospital, medical, or surgical expenses shall provide coverage for the testing and treatment of inborn errors of metabolism under the terms and conditions of the plan contract.

(b) Coverage for treatment of inborn errors of metabolism shall include those formulas and special food products that are part of a diet prescribed by a licensed physician and surgeon and managed
by a health care professional in consultation with a physician and
surgeon who specializes in the treatment of metabolic disease and
who participates in, or is authorized by, the plan, if the diet is
deemed medically necessary to avert the development of serious
physical or mental disabilities or to promote normal development
or function as a consequence of inborn errors of metabolism.
(c) Coverage pursuant to this section is not required except to
the extent that the cost of the necessary formulas and special food
products exceeds the cost of a normal diet.
(d) For purposes of this section, the following definitions shall
apply:
(1) “Formula” means an enteral product or enteral products
for use at home that are prescribed by a physician and surgeon
or nurse practitioner, or ordered by a registered dietician upon
referral by a health care provider authorized to prescribe dietary
treatments, as medically necessary for the treatment of inborn
errors of metabolism.
(2) “Inborn errors of metabolism” means an inheritable
disorder of biochemistry detected through the California newborn
screening program.
(3) “Special food product” means a food product that is both
of the following:
(A) Prescribed by a physician and surgeon or nurse practitioner
for the treatment of inborn errors of metabolism and is consistent
with the recommendations and best practices of qualified health
professionals with expertise germane to, and experience in the
treatment and care of, inborn errors of metabolism. It does not
include a food that is naturally low in protein, but may include a
food product that is specially formulated to have less than one
gram of protein per serving.
(B) Used in place of normal food products, such as grocery
store foods, used by the general population.
(e) A plan that provides the coverage required by this section
shall be deemed to comply with Section 1374.56.
SEC. 2. Section 10123.90 is added to the Insurance Code, to
read:
10123.90. (a) Every policy of health insurance issued,
amended, delivered, or renewed in this state on and after January
1, 2008, that provides coverage for hospital, medical, or surgical
expenses shall provide coverage for the testing and treatment of
inborn errors of metabolism under the terms and conditions of the
policy.
(b) Coverage for treatment of inborn errors of metabolism shall
include those formulas and special food products that are part of
a diet prescribed by a licensed physician and surgeon and managed
by a health care professional in consultation with a physician and
surgeon who specializes in the treatment of metabolic disease and
who participates in, or is authorized by, the insurer, if the diet is
deemed medically necessary to avert the development of serious
physical or mental disabilities or to promote normal development
or function as a consequence of inborn errors of metabolism.
(c) Coverage pursuant to this section is not required except to
the extent that the cost of necessary formulas and special food
products exceeds the cost of a normal diet.
(d) For purposes of this section, the following definitions shall
apply:
(1) “Formula” means an enteral product or enteral products
for use at home that are prescribed by a physician and surgeon
or nurse practitioner, or ordered by a registered dietician upon
referral by a health care provider authorized to prescribe dietary
treatments, as medically necessary for the treatment of inborn
ers of metabolism.
(2) “Inborn errors of metabolism” means an inheritable
disorder of biochemistry detected through the California newborn
screening program.
(3) “Special food product” means a food product that is both
of the following:
(A) Prescribed by a physician and surgeon or nurse practitioner
for the treatment of inborn errors of metabolism and is consistent
with the recommendations and best practices of qualified health
professionals with expertise germane to, and experience in the
treatment and care of, inborn errors of metabolism. It does not
include a food that is naturally low in protein, but may include a
food product that is specially formulated to have less than one
gram of protein per serving.
(B) Used in place of normal food products, such as grocery
store foods, used by the general population.
(e) A health insurer that provides the coverage required by this
section shall be deemed to comply with Section 10123.89.
(f) This section shall not apply to vision-only, dental-only, accident-only, specified disease, hospital indemnity, Medicare supplement, long-term care, or disability income insurance, except that for accident only, specified disease, or hospital indemnity coverage, coverage for benefits under this section shall apply to the extent that the benefits are covered under the general terms and conditions that apply to all other benefits under the policy or contract. Nothing in this section shall be construed as imposing a new benefit mandate on accident only, specified disease, or hospital indemnity insurance.

SEC. 3. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

SECTION 1. (a) The Legislature finds and declares that more than six million Californians lack health care coverage and that 80 percent of these Californians are members of working families. The Legislature further finds and declares that rising health care costs have limited health care access for both the insured, who must pay higher out-of-pocket costs, and the uninsured, who are sicker, die younger, and face financial ruin due to the lack of health care coverage. Lack of health care coverage is also contributing to increasing health care costs by shifting costs to taxpayers and those employers who pay for health care benefits for employees and their families.

(b) It is the intent of the Legislature to provide for reducing costs and improving quality of health care for working Californians and their families by minimizing administrative overhead, assuring that working Californians and their families receive timely access to appropriate health care, and identifying and reducing health care that is both high cost and low quality.