An act to amend Section 1374.72 of the Health and Safety Code, and to amend Section 10144.5 of the Insurance Code, relating to health care coverage.

LEGISLATIVE COUNSEL'S DIGEST


Existing law, the Knox-Keene Health Care Service Plan Act of 1975, provides for the licensing and regulation of health care service plans by the Department of Managed Health Care and makes a violation of the act a crime. Existing law also provides for the licensure and regulation of health insurers by the Department of Insurance. Under existing law, a plan and a health insurer are required to provide coverage for the diagnosis and medically necessary treatment of severe mental illness, as defined.

This bill would state the intent of the Legislature that the department annually publish a report on health care service plan premiums instead of requiring that a health care service plan and a health insurer provide coverage for the diagnosis and medically necessary treatment of mental illness. The bill would define that term to include mental disorders defined in a specified Diagnostic and Statistical Manual, excluding substance abuse disorders.

Because the bill would extend coverage required by a health care service plan, it would impose a state-mandated local program by expanding a criminal offense.

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.


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

SECTION 1. It is the intent of the Legislature that the Department of Managed Health Care annually publish a report on health care service plan premiums.

SECTION 1. Section 1374.72 of the Health and Safety Code is amended to read:

1374.72. (a) Every health care service plan contract issued, amended, or renewed on or after January 1, 2006, that provides hospital, medical, or surgical coverage shall provide coverage for the diagnosis and medically necessary treatment of severe mental illnesses of a person of any age, and of serious emotional disturbances of a child, as specified in subdivisions (d) and (e), under the same terms and conditions applied to other medical conditions as specified in subdivision (c).

(b) These benefits shall include the following:

(1) Outpatient services.
(2) Inpatient hospital services.
(3) Partial hospital services.
(4) Prescription drugs, if the plan contract includes coverage for prescription drugs.

(c) The terms and conditions applied to the benefits required by this section, that shall be applied equally to all benefits under the plan contract, shall include, but not be limited to, the following:

(1) Maximum lifetime benefits.
(2) Copayments.
(3) Individual and family deductibles.

(d) For the purposes of this section, “severe mental illnesses” shall include:

(1) Schizophrenia.
(2) Schizoaffective disorder.
(3) Bipolar disorder (manic-depressive illness).
(4) Major depressive disorders.
(5) Panic disorder.
(6) Obsessive-compulsive disorder.
(7) Pervasive developmental disorder or autism.
(8) Anorexia nervosa.
(9) Bulimia nervosa mental disorders defined in the Diagnostic and Statistical Manual IV or subsequent editions published by the American Psychiatric Association, except those codes defining substance abuse disorders (291.0 to 292.9, inclusive, and 303.0 to 305.9, inclusive) and the “V” codes.

(e) For the purposes of this section, a child suffering from, “serious emotional disturbances of a child” shall be defined as a child who satisfies both of the following conditions:

(1) Has one or more mental disorders as identified in the most recent edition of the Diagnostic and Statistical Manual of Mental Disorders, other than a primary substance use disorder or developmental disorder, that result in behavior inappropriate to the child’s age according to expected developmental norms, and
(2) Meets the criteria in paragraph (2) of subdivision (a) of Section 5600.3 of the Welfare and Institutions Code.

(f) This section shall not apply to contracts entered into pursuant to Chapter 7 (commencing with Section 14000) or Chapter 8 (commencing with Section 14200) of Division 9 of Part 3 of Division 9 of the Welfare and Institutions Code, between the State Department of Health Services and a health care service plan for enrolled Medi-Cal beneficiaries.

(g) (1) For the purpose of compliance with this section, a plan may provide coverage for all or part of the mental health services required by this section through a separate specialized health care service plan or mental health plan, and shall not be required to obtain an additional or specialized license for this purpose.
(2) A plan shall provide the mental health coverage required by this section in its entire service area and in emergency situations as may be required by applicable laws and regulations. For purposes of this section, health care service plan contracts that provide benefits to enrollees through preferred provider contracting arrangements are not precluded from requiring enrollees who reside or work in geographic areas served by
specialized health care service plans or mental health plans to secure all or part of their mental health services within those geographic areas served by specialized health care service plans or mental health plans.

(3) Notwithstanding any other provision of law, in the provision of benefits required by this section, a health care service plan may utilize case management, network providers, utilization review techniques, prior authorization, copayments, or other cost sharing.

(h) Nothing in this section shall be construed to deny or restrict in any way the department’s authority to ensure plan compliance with this chapter when a plan provides coverage for prescription drugs.

SEC. 2. Section 10144.5 of the Insurance Code is amended to read:

10144.5. (a) Every policy of disability health insurance that covers hospital, medical, or surgical expenses in this state that is issued, amended, or renewed on or after July 1, 2000 January 1, 2006, shall provide coverage for the diagnosis and medically necessary treatment of severe mental illnesses of a person of any age, and of serious emotional disturbances of a child, as specified in subdivisions (d) and (e), under the same terms and conditions applied to other medical conditions, as specified in subdivision (c).

(b) These benefits shall include the following:

(1) Outpatient services.

(2) Inpatient hospital services.

(3) Partial hospital services.

(4) Prescription drugs, if the policy or contract includes coverage for prescription drugs.

(c) The terms and conditions applied to the benefits required by this section that shall be applied equally to all benefits under the disability health insurance policy shall include, but not be limited to, the following:

(1) Maximum lifetime benefits.

(2) Copayments and coinsurance.

(3) Individual and family deductibles.

(d) For the purposes of this section, “severe mental illnesses” shall include:

(1) Schizophrenia.
(2) Schizoaffective disorder.
(3) Bipolar disorder (manic-depressive illness).
(4) Major depressive disorders.
(5) Panic disorder.
(6) Obsessive-compulsive disorder.
(7) Pervasive developmental disorder or autism.
(8) Anorexia nervosa.
(9) Bulimia nervosa mental disorders defined in the Diagnostic and Statistical Manual IV or subsequent editions published by the American Psychiatric Association, except those codes defining substance abuse disorders (291.0 to 292.9, inclusive, and 303.0 to 305.9, inclusive) and the “V” codes.

(e) For the purposes of this section, a child suffering from, “serious emotional disturbances of a child” shall be defined as a child who (1) has satisfied both of the following conditions:
   (1) Has one or more mental disorders as identified in the most recent edition of the Diagnostic and Statistical Manual of Mental Disorders, other than a primary substance use disorder or developmental disorder, that result in behavior inappropriate to the child’s age according to expected developmental norms, and
   (2) Meets the criteria in paragraph (2) of subdivision (a) of Section 5600.3 of the Welfare and Institutions Code.

(f) (1) For the purpose of compliance with this section, a disability health insurer may provide coverage for all or part of the mental health services required by this section through a separate specialized health care service plan or mental health plan, and shall not be required to obtain an additional or specialized license for this purpose.

   (2) A disability health insurer shall provide the mental health coverage required by this section in its entire in-state service area and in emergency situations as may be required by applicable laws and regulations. For purposes of this section, disability health insurers are not precluded from requiring insureds who reside or work in geographic areas served by specialized health care service plans or mental health plans to secure all or part of their mental health services within those geographic areas served by specialized health care service plans or mental health plans.

   (3) Notwithstanding any other provision of law, in the provision of benefits required by this section, a disability health
insurer may utilize case management, managed care, or utilization review.

(4) Any action that a disability health insurer takes to implement this section, including, but not limited to, contracting with preferred provider organizations, shall not be deemed to be an action that would otherwise require licensure as a health care service plan under the Knox-Keene Health Care Service Plan Act of 1975 (Chapter 2.2 (commencing with Section 1340) of Division 2 of the Health and Safety Code.

g) This section shall not apply to accident-only, specified disease, hospital indemnity, Medicare supplement, dental-only, or vision-only insurance policies.

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.