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
SB 749, as introduced, Speier. Health care coverage: pervasive developmental disorders.

The Knox-Keene Health Care Service Act of 1975, the willful violation of which is a crime, provides for the licensing and regulation of health care service plans by the Department of Managed Health Care. Existing law provides for the licensing and regulation of disability insurers by the Department of Insurance.

Existing law requires a health care service plan contract or disability insurance policy issued, amended, or renewed on or after July 1, 2000, to provide coverage for the diagnosis and medically necessary treatment of severe mental illness, as defined, of a person of any age, and of serious emotional disturbances of a child, under the same terms and conditions, with specified exceptions.

This bill would require a health care service plan or a disability insurer to cover the diagnosis of pervasive developmental disorders or autism that follows current best practice standards developed by the Department of Developmental Services. The bill would also require the Department of Managed Health Care Services and the Department of Insurance, in conjunction with each other, to enact regulations specifying how a health care service plan or disability insurer and a separate specialized health care service plan or mental health plan may determine responsibility for reimbursement of these diagnostic services.
Because this bill would create new requirements for health care service plans, the 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.


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

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 July 1, 2000, 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.
(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 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) who 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 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) (1) A health care service plan shall cover the diagnosis of pervasive developmental disorders or autism that follows current best practice standards developed by the Department of Developmental Services.

(2) The department, in conjunction with the Department of Insurance, shall enact regulations specifying how a plan and a separate specialized health care service plan or mental health plan may determine responsibility for reimbursement of diagnostic services for pervasive developmental disorders or autism.

(i) 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 insurance that covers hospital, medical, or surgical expenses in this state that is issued, amended, or renewed on or after July 1, 2000, 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 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.
(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 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) who 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 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 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 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 insurer
may utilize case management, managed care, or utilization review.

(4) Any action that a disability 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) (1) A disability insurer shall cover the diagnosis of pervasive developmental disorders or autism that follows current best practice standards developed by the Department of Developmental Services.

(2) The department, in conjunction with the Department of Managed Health Care, shall enact regulations specifying how a disability insurer and a separate specialized health care service plan or mental health plan may determine responsibility for reimbursement of diagnostic services for pervasive developmental disorders or autism.

(h) 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.