

Introduced by Senator Chesbro

February 9, 2004

An act to amend Section 1367.2 of the Health and Safety Code, and to amend Section 10123.6 of the Insurance Code, relating to health care coverage.

LEGISLATIVE COUNSEL'S DIGEST

SB 1192, as introduced, Chesbro. Substance related disorders.

Existing law, the Knox-Keene Health Care Service Plan Act of 1975, provides for the licensure and regulation of health care service plans by the Department of Managed Health Care and makes a violation of the act's requirements is a crime. Existing law also provides for the licensure and regulation of health insurers by the Department of Insurance. Existing law requires a health care service plan and a health insurer to offer coverage for the treatment of alcoholism.

This bill would require a health care service plan and health insurer to provide coverage for the medically necessary treatment of substance related disorders, excluding caffeine-related disorders, on the same basis as coverage is provided for any other medical condition. The bill would authorize a plan and insurer to limit nonhospital residential care, as defined, to 60 days per calendar year.

Because a willful violation of the bill's requirements with respect to health care service plans 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.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

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

1 SECTION 1. Section 1367.2 of the Health and Safety Code
2 is amended to read:

3 1367.2. (a) On and after January 1, 1990, every health care
4 service plan that covers hospital, medical, or surgical expenses on
5 a group basis shall offer coverage for the treatment of alcoholism
6 under ~~such~~ terms and conditions as may be agreed upon between
7 the group subscriber and the health care service plan. ~~Every~~ *The*
8 plan shall communicate the availability of ~~such~~ *this* coverage to all
9 group subscribers and to all prospective group subscribers with
10 whom they are negotiating.

11 (b) ~~If the group subscriber or policyholder agrees to such~~
12 ~~coverage or to coverage for treatment of chemical dependency, or~~
13 ~~nicotine use, the treatment may take place in facilities licensed to~~
14 ~~provide alcoholism or chemical dependency services under~~
15 ~~Chapter 2 (commencing with Section 1250) of Division 2. A health~~
16 ~~care service plan contract issued, amended, or renewed on or after~~
17 ~~January 1, 2005, that provides hospital, medical, or surgical~~
18 ~~expenses on a group or individual basis shall provide coverage for~~
19 ~~the medically necessary treatment of substance related disorders,~~
20 ~~with the exception of caffeine-related disorders, as listed in the~~
21 ~~Diagnostic and Statistical Manual of Mental Disorders IV,~~
22 ~~published by the American Psychiatric Association, in a~~
23 ~~nondiscriminatory manner on the same basis as any other medical~~
24 ~~care.~~

25 (c) *A health care service plan shall provide the continuum of*
26 *clinically effective and appropriate services and continuing*
27 *treatment by a licensed physician and surgeon, a licensed*
28 *psychologist, a licensed marriage and family therapist, or other*
29 *provider licensed or certified in the treatment of substance related*
30 *disorders or in a facility licensed or certified by the Department of*
31 *Alcohol and Drug Programs or the State Department of Health*
32 *Services.*



1 (d) Coverage and funding shall be the same as benefits
2 covering other physical illness, including medications, with the
3 same cost-sharing provisions, deductibles, appropriate caps or
4 limits on the number of outpatient visits, residential or inpatient
5 treatment days, payments, lifetime benefits, and catastrophic
6 coverage.

7 (e) A health care service plan shall communicate the
8 availability of this coverage to all enrollees and to all prospective
9 subscribers with whom it is negotiating.

10 (f) Compliance with this section shall be monitored by the
11 Department of Managed Health Care.

12 (g) A health care service plan may limit nonhospital residential
13 care to 60 days per calendar year. For purposes of this section,
14 “nonhospital residential care” means the provision of medical,
15 nursing, counseling, or therapeutic services to patients suffering
16 from substance-related disorders in a short- or long-term
17 residential environment, according to individualized treatment
18 plans.

19 (h) For purposes of compliance with this section, a plan may
20 provide coverage for all or part of the substance-related services
21 required by this section through a separate specialized health care
22 service plan or substance abuse plan and is not required to obtain
23 an additional or specialized license for this purpose.

24 (i) The provisions of this section do not apply to Medi-Cal,
25 vision-only, dental-only, accident-only, specified disease, hospital
26 indemnity, Medicare supplement, or long-term care coverage.

27 SEC. 2. Section 10123.6 of the Insurance Code is amended to
28 read:

29 10123.6. (a) On and after January 1, 1990, every insurer
30 issuing group ~~disability health insurance which covers hospital,~~
31 ~~medical, or surgical expenses~~ shall offer coverage for the treatment
32 of alcoholism under such terms and conditions as may be agreed
33 upon between the group policyholder and the insurer. ~~Every~~ An
34 insurer shall communicate the availability of ~~such~~ this coverage
35 to all group policyholders and to all prospective group
36 policyholders with whom ~~they are~~ it is negotiating.

37 ~~If the group subscriber or policyholder agrees to such coverage~~
38 ~~or to coverage for treatment of chemical dependency, or nicotine~~
39 ~~use, the treatment may take place in facilities licensed to provide~~
40 ~~alcoholism or chemical dependency services under Chapter 2~~



1 ~~(commencing with Section 1250) of Division 2 of the Health and~~
2 ~~Safety Code.~~

3 ~~Treatment for nicotine use may be subject to separate~~
4 ~~deductibles, copayments, and overall cost limitations as~~
5 ~~determined by the policy.~~

6 *(b) A policy of health insurance that is issued, amended, or*
7 *renewed on or after January 1, 2005, shall provide coverage for*
8 *the treatment of substance-related disorders, with the exception of*
9 *caffeine-related disorders, as listed in the Diagnostic and*
10 *Statistical Manual of Mental Disorders IV, published by the*
11 *American Psychiatric Association, in a nondiscriminatory manner*
12 *on the same basis as any other medical condition.*

13 *(c) An insurer shall provide the continuum of clinically*
14 *effective and appropriate services and continuing treatment by a*
15 *licensed physician and surgeon, a licensed psychologist, a*
16 *licensed marriage and family therapist, or other provider licensed*
17 *or certified in the treatment of substance-related disorders or in a*
18 *facility licensed or certified by the Department of Alcohol and*
19 *Drug Programs or the State Department of Health Services.*

20 *(d) Coverage and funding shall be the same as benefits*
21 *covering other physical illness, including medications, with the*
22 *same cost-sharing provisions, deductibles, appropriate caps or*
23 *limits on the number of outpatient visits, residential or inpatient*
24 *treatment days, payments, lifetime benefits, and catastrophic*
25 *coverage.*

26 *(e) An insurer shall communicate the availability of this*
27 *coverage to all policyholders and to all prospective policyholders*
28 *with whom it is negotiating.*

29 *(f) Compliance with this section shall be monitored by the*
30 *Department of Insurance.*

31 *(g) A health insurance policy may limit nonhospital residential*
32 *care to 60 days per calendar year. For purposes of this section,*
33 *“nonhospital residential care” means the provision of medical,*
34 *nursing, counseling, or therapeutic services to patients suffering*
35 *from substance-related disorders in a short- or long-term*
36 *residential environment, according to individualized treatment*
37 *plans.*

38 *(h) For purposes of compliance with this section, a health*
39 *insurer may provide coverage for all or part of the*
40 *substance-related services required by this section through a*



1 *separate specialized health insurance policy or substance abuse*
2 *insurance policy and is not required to obtain an additional or*
3 *specialized license for this purpose.*

4 *(i) The provisions of this section do not apply to Medi-Cal,*
5 *vision-only, dental-only, accident-only, specified disease, hospital*
6 *indemnity, Medicare supplement, or long-term care coverage.*

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

