

**ASSEMBLY BILL**

**No. 163**

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**Introduced by Assembly Member Emmerson**

January 27, 2009

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An act to add Section 1367.27 to the Health and Safety Code, and to add Section 10123.197 to the Insurance Code, relating to health care coverage.

LEGISLATIVE COUNSEL'S DIGEST

AB 163, as introduced, Emmerson. Amino acid-based elemental formulas.

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 willful violation of the act a crime. Existing law provides for the regulation of health insurers by the Department of Insurance.

This bill would require specified health care service plan contracts and health insurance policies to provide coverage for the use of amino acid-based elemental formulas, regardless of the delivery method, for the diagnosis and treatment of eosinophilic gastrointestinal disorders, as defined, when the prescribing physician has issued a written order stating that the amino acid-based elemental formula is medically necessary.

Because a willful violation of the bill's provisions relative to health care service plans would be a crime, the bill 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 1367.27 is added to the Health and Safety  
2 Code, to read:

3 1367.27. (a) Every health care service plan contract, except a  
4 specialized health care service plan contract, that is issued,  
5 amended, or renewed on or after January 1, 2010, that provides  
6 coverage for hospital, medical, or surgical expenses shall provide  
7 coverage for the use of amino acid-based elemental formulas,  
8 regardless of the delivery method, for the diagnosis and treatment  
9 of eosinophilic gastrointestinal disorders when the prescribing  
10 physician has issued a written order stating that the amino  
11 acid-based elemental formula is medically necessary.

12 (b) For purposes of this section, “eosinophilic gastrointestinal  
13 disorders” means disorders that are characterized by having above  
14 normal amounts of eosinophils, a type of white blood cell, in the  
15 digestive system.

16 SEC. 2. Section 10123.197 is added to the Insurance Code, to  
17 read:

18 10123.197. (a) Every health insurance policy issued, amended,  
19 or renewed on or after January 1, 2010, that provides coverage for  
20 hospital, medical, or surgical expenses shall provide coverage for  
21 the use of amino acid-based elemental formulas, regardless of the  
22 delivery method, for the diagnosis and treatment of eosinophilic  
23 gastrointestinal disorders when the prescribing physician has issued  
24 a written order stating that the amino acid-based elemental formula  
25 is medically necessary.

26 (b) For purposes of this section, “eosinophilic gastrointestinal  
27 disorders” means disorders that are characterized by having above  
28 normal amounts of eosinophils, a type of white blood cell, in the  
29 digestive system.

30 (c) This section shall not apply to Medicare supplement,  
31 short-term limited duration health insurance, vision-only,  
32 dental-only, or CHAMPUS supplement insurance, or to hospital  
33 indemnity, hospital-only, accident-only, or specified disease

1 insurance that does not pay benefits on a fixed benefit, cash  
2 payment only basis.

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

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