

**ASSEMBLY BILL**

**No. 1600**

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**Introduced by Assembly Member Beall**

January 4, 2010

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An act to add Section 22856 to the Government Code, to add Section 1374.74 to the Health and Safety Code, and to add Section 10144.8 to the Insurance Code, relating to health care coverage.

LEGISLATIVE COUNSEL'S DIGEST

AB 1600, as introduced, Beall. Health care coverage: mental health services.

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 also provides for the regulation of health insurers by the Department of Insurance. Under existing law, a health care service plan contract and a health insurance policy are required to provide coverage for the diagnosis and treatment of severe mental illnesses of a person of any age. Existing law does not define "severe mental illnesses" for this purpose but describes it as including several conditions.

This bill would expand this coverage requirement for certain health care service plan contracts and health insurance policies issued, amended, or renewed on or after January 1, 2011, to include the diagnosis and treatment of a mental illness of a person of any age and would define mental illness for this purpose as a mental disorder defined in the Diagnostic and Statistical Manual IV, subject to regulatory revision, as specified. The bill would specify that this requirement does not apply to a health care benefit plan, contract, or health insurance

policy with the Board of Administration of the Public Employees’ Retirement System unless the board elects to purchase a plan, contract, or policy that provides mental health coverage.

Because this bill would expand coverage requirements for health care service plans, 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.

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 22856 is added to the Government Code,  
2 to read:

3 22856. The board may purchase a health care benefit plan or  
4 contract or a health insurance policy that includes mental health  
5 coverage as described in Section 1374.74 of the Health and Safety  
6 Code or Section 10144.8 of the Insurance Code.

7 SEC. 2. Section 1374.74 is added to the Health and Safety  
8 Code, to read:

9 1374.74. (a) A health care service plan contract issued,  
10 amended, or renewed on or after January 1, 2011, that provides  
11 hospital, medical, or surgical coverage shall provide coverage for  
12 the diagnosis and medically necessary treatment of a mental illness  
13 of a person of any age, including a child, under the same terms  
14 and conditions applied to other medical conditions as specified in  
15 subdivision (c) of Section 1374.72. The benefits provided under  
16 this section shall include all those set forth in subdivision (b) of  
17 Section 1374.72.

18 (b) (1) “Mental illness” for the purposes of this section means  
19 a mental disorder defined in the Diagnostic and Statistical Manual  
20 IV, published by the American Psychiatric Association, and  
21 includes substance abuse.

22 (2) Following publication of each subsequent volume of the  
23 manual, the definition of “mental illness” shall be subject to

1 revision to conform to, in whole or in part, the list of mental  
2 disorders defined in the then-current volume of the manual.

3 (3) Any revision to the definition of “mental illness” pursuant  
4 to paragraph (2) shall be established by regulation promulgated  
5 jointly by the department and the Department of Insurance.

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

11 (2) A plan shall provide the mental health coverage required by  
12 this section in its entire service area and in emergency situations  
13 as may be required by applicable laws and regulations. For  
14 purposes of this section, health care service plan contracts that  
15 provide benefits to enrollees through preferred provider contracting  
16 arrangements are not precluded from requiring enrollees who reside  
17 or work in geographic areas served by specialized health care  
18 service plans or mental health plans to secure all or part of their  
19 mental health services within those geographic areas served by  
20 specialized health care service plans or mental health plans.

21 (3) In the provision of benefits required by this section, a health  
22 care service plan may utilize case management, network providers,  
23 utilization review techniques, prior authorization, copayments, or  
24 other cost sharing to the extent permitted by law or regulation.

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

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

35 (f) This section shall not apply to a health care benefit plan or  
36 contract entered into with the Board of Administration of the Public  
37 Employees’ Retirement System pursuant to the Public Employees’  
38 Medical and Hospital Care Act (Part 5 (commencing with Section  
39 22750) of Division 5 of Title 2 of the Government Code) unless  
40 the board elects, pursuant to Section 22856 of the Government

1 Code, to purchase a health care benefit plan or contract that  
2 provides mental health coverage as described in this section.

3 (g) This section shall not apply to accident-only, specified  
4 disease, hospital indemnity, Medicare supplement, dental-only, or  
5 vision-only health care service plan contracts.

6 SEC. 3. Section 10144.8 is added to the Insurance Code, to  
7 read:

8 10144.8. (a) A policy of health insurance that covers hospital,  
9 medical, or surgical expenses in this state that is issued, amended,  
10 or renewed on or after January 1, 2011, shall provide coverage for  
11 the diagnosis and medically necessary treatment of a mental illness  
12 of a person of any age, including a child, under the same terms  
13 and conditions applied to other medical conditions as specified in  
14 subdivision (c) of Section 10144.5. The benefits provided under  
15 this section shall include all those set forth in subdivision (b) of  
16 Section 10144.5.

17 (b) (1) "Mental illness" for the purposes of this section means  
18 a mental disorder defined in the Diagnostic and Statistical Manual  
19 IV, published by the American Psychiatric Association, and  
20 includes substance abuse.

21 (2) Following publication of each subsequent volume of the  
22 manual, the definition of "mental illness" shall be subject to  
23 revision to conform to, in whole or in part, the list of mental  
24 disorders defined in the then-current volume of the manual.

25 (3) Any revision to the definition of "mental illness" pursuant  
26 to paragraph (2) shall be established by regulation promulgated  
27 jointly by the department and the Department of Managed Health  
28 Care.

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

35 (2) A health insurer shall provide the mental health coverage  
36 required by this section in its entire in-state service area and in  
37 emergency situations as may be required by applicable laws and  
38 regulations. For purposes of this section, health insurers are not  
39 precluded from requiring insureds who reside or work in  
40 geographic areas served by specialized health care service plans

1 or mental health plans to secure all or part of their mental health  
2 services within those geographic areas served by specialized health  
3 care service plans or mental health plans.

4 (3) In the provision of benefits required by this section, a health  
5 insurer may utilize case management, managed care, or utilization  
6 review to the extent permitted by law or regulation.

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

14 (d) This section shall not apply to accident-only, specified  
15 disease, hospital indemnity, or Medicare supplement insurance  
16 policies, or specialized health insurance policies, except behavioral  
17 health-only policies.

18 (e) This section shall not apply to a policy of health insurance  
19 purchased by the Board of Administration of the Public Employees'  
20 Retirement System pursuant to the Public Employees' Medical  
21 and Hospital Care Act (Part 5 (commencing with Section 22750)  
22 of Division 5 of Title 2 of the Government Code) unless the board  
23 elects, pursuant to Section 22856 of the Government Code, to  
24 purchase a policy of health insurance that covers mental health  
25 services as described in this section.

26 SEC. 4. No reimbursement is required by this act pursuant to  
27 Section 6 of Article XIII B of the California Constitution because  
28 the only costs that may be incurred by a local agency or school  
29 district will be incurred because this act creates a new crime or  
30 infraction, eliminates a crime or infraction, or changes the penalty  
31 for a crime or infraction, within the meaning of Section 17556 of  
32 the Government Code, or changes the definition of a crime within  
33 the meaning of Section 6 of Article XIII B of the California  
34 Constitution.

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