

**ASSEMBLY BILL**

**No. 1887**

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**Introduced by Assembly Member Beall**

February 7, 2008

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An act to add Section 22856 to the Government Code, to add Section 1374.73 to the Health and Safety Code, and to add Section 10144.7 to the Insurance Code, relating to health care coverage.

LEGISLATIVE COUNSEL'S DIGEST

AB 1887, 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, 2009, 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. 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 the 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 1374.73 of the Health and Safety  
6 Code or Section 10144.7 of the Insurance Code.

7 SEC. 2. Section 1374.73 is added to the Health and Safety  
8 Code, to read:

9 1374.73. (a) A health care service plan contract issued,  
10 amended, or renewed on or after January 1, 2009, 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. “Mental illness” for the purposes of this section  
18 means a mental disorder defined in the Diagnostic and Statistical  
19 Manual IV, or subsequent editions, published by the American  
20 Psychiatric Association, and includes substance abuse.

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

1 (2) A plan shall provide the mental health coverage required by  
2 this section in its entire service area and in emergency situations  
3 as may be required by applicable laws and regulations. For  
4 purposes of this section, health care service plan contracts that  
5 provide benefits to enrollees through preferred provider contracting  
6 arrangements are not precluded from requiring enrollees who reside  
7 or work in geographic areas served by specialized health care  
8 service plans or mental health plans to secure all or part of their  
9 mental health services within those geographic areas served by  
10 specialized health care service plans or mental health plans.

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

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

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

25 (e) This section shall not apply to a health care benefit plan or  
26 contract entered into with the Board of Administration of the Public  
27 Employees' Retirement System pursuant to the Public Employees'  
28 Medical and Hospital Care Act (Part 5 (commencing with Section  
29 22750) of Division 5 of Title 2 of the Government Code) unless  
30 the board elects, pursuant to Section 22856 of the Government  
31 Code, to purchase a health care benefit plan or contract that  
32 provides mental health coverage as described in this section.

33 SEC. 3. Section 10144.7 is added to the Insurance Code, to  
34 read:

35 10144.7. (a) A policy of health insurance that covers hospital,  
36 medical, or surgical expenses in this state that is issued, amended,  
37 or renewed on or after January 1, 2009, shall provide coverage for  
38 the diagnosis and medically necessary treatment of a mental illness  
39 of a person of any age, including a child, under the same terms  
40 and conditions applied to other medical conditions as specified in

1 subdivision (c) of Section 10144.5. The benefits provided under  
2 this section shall include all those set forth in subdivision (b) of  
3 Section 10144.5. “Mental illness” for the purposes of this section  
4 means a mental disorder defined in the Diagnostic and Statistical  
5 Manual IV, or subsequent editions, published by the American  
6 Psychiatric Association, and includes substance abuse.

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

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

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

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

32 (c) This section shall not apply to accident-only, specified  
33 disease, hospital indemnity, Medicare supplement, dental-only, or  
34 vision-only insurance policies.

35 (d) This section shall not apply to a policy of health insurance  
36 purchased by the Board of Administration of the Public Employees’  
37 Retirement System pursuant to the Public Employees’ Medical  
38 and Hospital Care Act (Part 5 (commencing with Section 22750)  
39 of Division 5 of Title 2 of the Government Code) unless the board  
40 elects, pursuant to Section 22856 of the Government Code, to

1 purchase a policy of health insurance that covers mental health  
2 services as described in this section.

3 SEC. 4. 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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