

**ASSEMBLY BILL**

**No. 2174**

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**Introduced by Assembly Members Laird and Emmerson**

February 20, 2008

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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 2174, as introduced, Laird. Amino acid-based elemental formulas.

Existing law, the Knox-Keene Health Care Service Plan Act of 1975, provides for the 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 disorders and short bowel syndrome 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. Every health care service plan contract, except a  
4 specialized health care service plan contract, that is issued,  
5 amended, renewed, or delivered on or after January 1, 2009, that  
6 provides coverage for hospital, medical, or surgical expenses shall  
7 provide coverage for the use of amino acid-based elemental  
8 formulas, regardless of the delivery method, for the diagnosis and  
9 treatment of eosinophilic disorders and short bowel syndrome  
10 when the prescribing physician has issued a written order stating  
11 that the amino acid-based elemental formula is medically  
12 necessary.

13 SEC. 2. Section 10123.197 is added to the Insurance Code, to  
14 read:

15 10123.197. (a) Every health insurance policy issued, amended,  
16 renewed, or delivered on or after January 1, 2009, that provides  
17 coverage for hospital, medical, or surgical expenses shall provide  
18 coverage for the use of amino acid-based elemental formulas,  
19 regardless of the delivery method, for the diagnosis and treatment  
20 of eosinophilic disorders and short bowel syndrome when the  
21 prescribing physician has issued a written order stating that the  
22 amino acid-based elemental formula is medically necessary.

23 (b) This section shall not apply to Medicare supplement,  
24 short-term limited duration health insurance, vision-only,  
25 dental-only, or CHAMPUS supplement insurance, or to hospital  
26 indemnity, hospital-only, accident-only, or specified disease  
27 insurance that does not pay benefits on a fixed benefit, cash  
28 payment only basis.

29 SEC. 3. No reimbursement is required by this act pursuant to  
30 Section 6 of Article XIII B of the California Constitution because  
31 the only costs that may be incurred by a local agency or school  
32 district will be incurred because this act creates a new crime or  
33 infraction, eliminates a crime or infraction, or changes the penalty

1 for a crime or infraction, within the meaning of Section 17556 of  
2 the Government Code, or changes the definition of a crime within  
3 the meaning of Section 6 of Article XIII B of the California  
4 Constitution.

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