

AMENDED IN SENATE MARCH 29, 2005

**SENATE BILL**

**No. 572**

**Introduced by Senator Perata**

February 18, 2005

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*An act to amend Section 1374.72 of the Health and Safety Code, and to amend Section 10144.5 of the Insurance Code, relating to health care coverage.*

LEGISLATIVE COUNSEL'S DIGEST

SB 572, as amended, Perata. ~~Health care service plans: premiums~~  
*Benefits: mental health.*

~~The Existing law, the Knox-Keene Health Care Service Plan Act of 1975, provides for the licensing and regulations~~ *regulation of health care service plans by the Department of Managed Health Care and makes a violation of the act a crime. Existing law also provides for the licensure and regulation of health insurers by the Department of Insurance. Under existing law, a plan and a health insurer are required to provide coverage for the diagnosis and medically necessary treatment of severe mental illness, as defined.*

~~This bill would state the intent of the Legislature that the department annually publish a report on health care service plan premiums~~ *instead require that a health care service plan and a health insurer provide coverage for the diagnosis and medically necessary treatment of mental illness. The bill would define that term to include mental disorders defined in a specified Diagnostic and Statistical Manual, excluding substance abuse disorders.*

*Because the bill would extend coverage required by a health care service plan, it would impose a state-mandated local program by expanding a criminal offense.*

*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: ~~no~~-yes. State-mandated local program: ~~no~~-yes.

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

1 ~~SECTION 1. It is the intent of the Legislature that the~~  
2 ~~Department of Managed Health Care annually publish a report on~~  
3 ~~health care service plan premiums.~~

4 SECTION 1. Section 1374.72 of the Health and Safety Code  
5 is amended to read:

6 1374.72. (a) Every health care service plan contract issued,  
7 amended, or renewed on or after ~~July 1, 2000~~ January 1, 2006,  
8 that provides hospital, medical, or surgical coverage shall  
9 provide coverage for the diagnosis and medically necessary  
10 treatment of ~~severe~~ mental illnesses of a person of any age, and  
11 of serious emotional disturbances of a child, as specified in  
12 subdivisions (d) and (e), under the same terms and conditions  
13 applied to other medical conditions as specified in subdivision  
14 (c).

15 (b) These benefits shall include the following:

- 16 (1) Outpatient services.
- 17 (2) Inpatient hospital services.
- 18 (3) Partial hospital services.
- 19 (4) Prescription drugs, if the plan contract includes coverage  
20 for prescription drugs.

21 (c) The terms and conditions applied to the benefits required  
22 by this section, that shall be applied equally to all benefits under  
23 the plan contract, shall include, but not be limited to, the  
24 following:

- 25 (1) Maximum lifetime benefits.
- 26 (2) Copayments.
- 27 (3) Individual and family deductibles.

28 (d) For the purposes of this section, ~~“severe mental”~~ “mental  
29 illnesses” shall include:

- 30 ~~(1) Schizophrenia.~~
- 31 ~~(2) Schizoaffective disorder.~~

1 ~~(3) Bipolar disorder (manic-depressive illness).~~

2 ~~(4) Major depressive disorders.~~

3 ~~(5) Panic disorder.~~

4 ~~(6) Obsessive-compulsive disorder.~~

5 ~~(7) Pervasive developmental disorder or autism.~~

6 ~~(8) Anorexia nervosa.~~

7 ~~(9) Bulimia nervosa~~ *mental disorders defined in the*  
8 *Diagnostic and Statistical Manual IV or subsequent editions*  
9 *published by the American Psychiatric Association, except those*  
10 *codes defining substance abuse disorders (291.0 to 292.9,*  
11 *inclusive, and 303.0 to 305.9, inclusive) and the "V" codes.*

12 (e) For the purposes of this section, a child suffering from,  
13 "serious emotional disturbances of a child" shall be defined as a  
14 child who ~~(1) has~~ *satisfies both of the following conditions:*

15 (1) *Has* one or more mental disorders as identified in the most  
16 recent edition of the Diagnostic and Statistical Manual of Mental  
17 Disorders, other than a primary substance use disorder or  
18 developmental disorder, that result in behavior inappropriate to  
19 the child's age according to expected developmental norms, ~~and~~  
20 ~~(2) who meets.~~

21 (2) *Meets* the criteria in paragraph (2) of subdivision (a) of  
22 Section 5600.3 of the Welfare and Institutions Code.

23 (f) This section shall not apply to contracts entered into  
24 pursuant to Chapter 7 (commencing with Section 14000) or  
25 Chapter 8 (commencing with Section 14200) of ~~Division 9~~ of  
26 Part 3 of *Division 9* of the Welfare and Institutions Code,  
27 between the State Department of Health Services and a health  
28 care service plan for enrolled Medi-Cal beneficiaries.

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

34 (2) A plan shall provide the mental health coverage required  
35 by this section in its entire service area and in emergency  
36 situations as may be required by applicable laws and regulations.  
37 For purposes of this section, health care service plan contracts  
38 that provide benefits to enrollees through preferred provider  
39 contracting arrangements are not precluded from requiring  
40 enrollees who reside or work in geographic areas served by

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

5 (3) Notwithstanding any other provision of law, in the  
 6 provision of benefits required by this section, a health care  
 7 service plan may utilize case management, network providers,  
 8 utilization review techniques, prior authorization, copayments, or  
 9 other cost sharing.

10 (h) Nothing in this section shall be construed to deny or  
 11 restrict in any way the department's authority to ensure plan  
 12 compliance with this chapter when a plan provides coverage for  
 13 prescription drugs.

14 *SEC. 2. Section 10144.5 of the Insurance Code is amended to*  
 15 *read:*

16 10144.5. (a) Every policy of ~~disability~~ *health* insurance that  
 17 covers hospital, medical, or surgical expenses in this state that is  
 18 issued, amended, or renewed on or after ~~July 1, 2000~~ *January 1,*  
 19 *2006*, shall provide coverage for the diagnosis and medically  
 20 necessary treatment of ~~severe~~ mental illnesses of a person of any  
 21 age, and of serious emotional disturbances of a child, as specified  
 22 in subdivisions (d) and (e), under the same terms and conditions  
 23 applied to other medical conditions, as specified in subdivision  
 24 (c).

25 (b) These benefits shall include the following:

26 (1) Outpatient services.

27 (2) Inpatient hospital services.

28 (3) Partial hospital services.

29 (4) Prescription drugs, if the policy or contract includes  
 30 coverage for prescription drugs.

31 (c) The terms and conditions applied to the benefits required  
 32 by this section that shall be applied equally to all benefits under  
 33 the ~~disability~~ *health* insurance policy shall include, but not be  
 34 limited to, the following:

35 (1) Maximum lifetime benefits.

36 (2) Copayments and coinsurance.

37 (3) Individual and family deductibles.

38 (d) For the purposes of this section, ~~“severe mental”~~ *“mental*  
 39 *illnesses”* shall include:

40 (1) ~~Schizophrenia.~~

- 1 ~~(2) Schizoaffective disorder.~~
- 2 ~~(3) Bipolar disorder (manic-depressive illness).~~
- 3 ~~(4) Major depressive disorders.~~
- 4 ~~(5) Panic disorder.~~
- 5 ~~(6) Obsessive-compulsive disorder.~~
- 6 ~~(7) Pervasive developmental disorder or autism.~~
- 7 ~~(8) Anorexia nervosa.~~
- 8 ~~(9) Bulimia nervosa~~ *mental disorders defined in the*
- 9 *Diagnostic and Statistical Manual IV or subsequent editions*
- 10 *published by the American Psychiatric Association, except those*
- 11 *codes defining substance abuse disorders (291.0 to 292.9,*
- 12 *inclusive, and 303.0 to 305.9, inclusive) and the “V” codes.*

13 (e) For the purposes of this section, a child suffering from,  
14 “serious emotional disturbances of a child” shall be defined as a  
15 child who ~~(1) has~~ *satisfies both of the following conditions:*

16 (1) *Has one or more mental disorders as identified in the most*  
17 *recent edition of the Diagnostic and Statistical Manual of Mental*  
18 *Disorders, other than a primary substance use disorder or*  
19 *developmental disorder, that result in behavior inappropriate to*  
20 *the child’s age according to expected developmental norms, and*  
21 ~~(2) who meets.~~

22 (2) *Meets the criteria in paragraph (2) of subdivision (a) of*  
23 *Section 5600.3 of the Welfare and Institutions Code.*

24 (f) (1) For the purpose of compliance with this section, a  
25 ~~disability health~~ insurer may provide coverage for all or part of  
26 the mental health services required by this section through a  
27 separate specialized health care service plan or mental health  
28 plan, and shall not be required to obtain an additional or  
29 specialized license for this purpose.

30 (2) A ~~disability health~~ insurer shall provide the mental health  
31 coverage required by this section in its entire in-state service area  
32 and in emergency situations as may be required by applicable  
33 laws and regulations. For purposes of this section, ~~disability~~  
34 *health* insurers are not precluded from requiring insureds who  
35 reside or work in geographic areas served by specialized health  
36 care service plans or mental health plans to secure all or part of  
37 their mental health services within those geographic areas served  
38 by specialized health care service plans or mental health plans.

39 (3) Notwithstanding any other provision of law, in the  
40 provision of benefits required by this section, a ~~disability health~~

1 insurer may utilize case management, managed care, or  
2 utilization review.

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

10 (g) This section shall not apply to accident-only, specified  
11 disease, hospital indemnity, Medicare supplement, dental-only,  
12 or vision-only insurance policies.

13 *SEC. 3. No reimbursement is required by this act pursuant to*  
14 *Section 6 of Article XIII B of the California Constitution because*  
15 *the only costs that may be incurred by a local agency or school*  
16 *district will be incurred because this act creates a new crime or*  
17 *infraction, eliminates a crime or infraction, or changes the*  
18 *penalty for a crime or infraction, within the meaning of Section*  
19 *17556 of the Government Code, or changes the definition of a*  
20 *crime within the meaning of Section 6 of Article XIII B of the*  
21 *California Constitution.*