

**Introduced by Senator Speier**

February 22, 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 749, as introduced, Speier. Health care coverage: pervasive developmental disorders.

The Knox-Keene Health Care Service Act of 1975, the willful violation of which is a crime, provides for the licensing and regulation of health care service plans by the Department of Managed Health Care. Existing law provides for the licensing and regulation of disability insurers by the Department of Insurance.

Existing law requires a health care service plan contract or disability insurance policy issued, amended, or renewed on or after July 1, 2000, to provide coverage for the diagnosis and medically necessary treatment of severe mental illness, as defined, of a person of any age, and of serious emotional disturbances of a child, under the same terms and conditions, with specified exceptions.

This bill would require a health care service plan or a disability insurer to cover the diagnosis of pervasive developmental disorders or autism that follows current best practice standards developed by the Department of Developmental Services. The bill would also require the Department of Managed Health Care Services and the Department of Insurance, in conjunction with each other, to enact regulations specifying how a health care service plan or disability insurer and a separate specialized health care service plan or mental health plan may determine responsibility for reimbursement of these diagnostic services.

Because this bill would create new requirements for health care service plans, the 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 1374.72 of the Health and Safety Code  
2 is amended to read:

3 1374.72. (a) Every health care service plan contract issued,  
4 amended, or renewed on or after July 1, 2000, that provides  
5 hospital, medical, or surgical coverage shall provide coverage for  
6 the diagnosis and medically necessary treatment of severe mental  
7 illnesses of a person of any age, and of serious emotional  
8 disturbances of a child, as specified in subdivisions (d) and (e),  
9 under the same terms and conditions applied to other medical  
10 conditions as specified in subdivision (c).

11 (b) These benefits shall include the following:

12 (1) Outpatient services.

13 (2) Inpatient hospital services.

14 (3) Partial hospital services.

15 (4) Prescription drugs, if the plan contract includes coverage  
16 for prescription drugs.

17 (c) The terms and conditions applied to the benefits required  
18 by this section, that shall be applied equally to all benefits under  
19 the plan contract, shall include, but not be limited to, the  
20 following:

21 (1) Maximum lifetime benefits.

22 (2) Copayments.

23 (3) Individual and family deductibles.

24 (d) For the purposes of this section, “severe mental illnesses”  
25 shall include:

26 (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.

9 (e) For the purposes of this section, a child suffering from,  
10 “serious emotional disturbances of a child” shall be defined as a  
11 child who (1) has one or more mental disorders as identified in  
12 the most recent edition of the Diagnostic and Statistical Manual  
13 of Mental Disorders, other than a primary substance use disorder  
14 or developmental disorder, that result in behavior inappropriate  
15 to the child’s age according to expected developmental norms,  
16 and (2) who meets the criteria in paragraph (2) of subdivision (a)  
17 of Section 5600.3 of the Welfare and Institutions Code.

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

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

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

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

6 (h) (1) *A health care service plan shall cover the diagnosis of*  
7 *pervasive developmental disorders or autism that follows current*  
8 *best practice standards developed by the Department of*  
9 *Developmental Services.*

10 (2) *The department, in conjunction with the Department of*  
11 *Insurance, shall enact regulations specifying how a plan and a*  
12 *separate specialized health care service plan or mental health*  
13 *plan may determine responsibility for reimbursement of*  
14 *diagnostic services for pervasive developmental disorders or*  
15 *autism.*

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

20 SEC. 2. Section 10144.5 of the Insurance Code is amended to  
21 read:

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

30 (b) These benefits shall include the following:

31 (1) Outpatient services.

32 (2) Inpatient hospital services.

33 (3) Partial hospital services.

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

36 (c) The terms and conditions applied to the benefits required  
37 by this section that shall be applied equally to all benefits under  
38 the disability insurance policy shall include, but not be limited to,  
39 the following:

40 (1) Maximum lifetime benefits.

1 (2) Copayments and coinsurance.

2 (3) Individual and family deductibles.

3 (d) For the purposes of this section, “severe mental illnesses”

4 shall include:

5 (1) Schizophrenia.

6 (2) Schizoaffective disorder.

7 (3) Bipolar disorder (manic-depressive illness).

8 (4) Major depressive disorders.

9 (5) Panic disorder.

10 (6) Obsessive-compulsive disorder.

11 (7) Pervasive developmental disorder or autism.

12 (8) Anorexia nervosa.

13 (9) Bulimia nervosa.

14 (e) For the purposes of this section, a child suffering from,  
15 “serious emotional disturbances of a child” shall be defined as a  
16 child who (1) has one or more mental disorders as identified in  
17 the most recent edition of the Diagnostic and Statistical Manual  
18 of Mental Disorders, other than a primary substance use disorder  
19 or developmental disorder, that result in behavior inappropriate  
20 to the child’s age according to expected developmental norms,  
21 and (2) who meets the criteria in paragraph (2) of subdivision (a)  
22 of Section 5600.3 of the Welfare and Institutions Code.

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

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

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

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

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

10 (g) (1) *A disability insurer shall cover the diagnosis of*  
11 *pervasive developmental disorders or autism that follows current*  
12 *best practice standards developed by the Department of*  
13 *Developmental Services.*

14 (2) *The department, in conjunction with the Department of*  
15 *Managed Health Care, shall enact regulations specifying how a*  
16 *disability insurer and a separate specialized health care service*  
17 *plan or mental health plan may determine responsibility for*  
18 *reimbursement of diagnostic services for pervasive*  
19 *developmental disorders or autism.*

20 (h) This section shall not apply to accident-only, specified  
21 disease, hospital indemnity, Medicare supplement, dental-only,  
22 or vision-only insurance policies.

23 SEC. 3. No reimbursement is required by this act pursuant to  
24 Section 6 of Article XIII B of the California Constitution because  
25 the only costs that may be incurred by a local agency or school  
26 district will be incurred because this act creates a new crime or  
27 infraction, eliminates a crime or infraction, or changes the  
28 penalty for a crime or infraction, within the meaning of Section  
29 17556 of the Government Code, or changes the definition of a  
30 crime within the meaning of Section 6 of Article XIII B of the  
31 California Constitution.