

AMENDED IN ASSEMBLY JANUARY 23, 2012

AMENDED IN ASSEMBLY MARCH 24, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

**ASSEMBLY BILL**

**No. 154**

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**Introduced by Assembly Member Beall**  
*(Coauthors: Assembly Members Ammiano and Dickinson)*

January 18, 2011

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An act to add Section 22856 to the Government Code, to add Section ~~1374.74~~ 1374.76 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 154, as amended, 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 *the term* "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, ~~2012~~ 2013, 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 of Mental Disorders IV (*DSM-IV*), including substance abuse but excluding nicotine dependence and specified diagnoses defined in the manual, 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.

*This bill would also exempt certain health care service contracts entered into by the Managed Risk Medical Insurance Board from its provisions.*

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~~ 1374.76 of the Health  
6 and Safety Code or Section 10144.8 of the Insurance Code.  
7 SEC. 2. Section ~~1374.74~~ 1374.76 is added to the Health and  
8 Safety Code, *immediately following Section 1374.74*, to read:  
9 ~~1374.74.~~  
10 1374.76. (a) A health care service plan contract issued,  
11 amended, or renewed on or after January 1, ~~2012~~ 2013, that  
12 provides hospital, medical, or surgical coverage shall provide  
13 coverage for the diagnosis and medically necessary treatment of  
14 a mental illness of a person of any age, including a child, under  
15 the same terms and conditions applied to other medical conditions

1 as specified in subdivision (c) of Section 1374.72. The benefits  
2 provided under this section shall include all those set forth in  
3 subdivision (b) of Section 1374.72.

4 (b) (1) "Mental illness" for the purposes of this section means  
5 a mental disorder defined in the Diagnostic and Statistical Manual  
6 of Mental Disorders IV (*DSM-IV*), published by the American  
7 Psychiatric Association, and includes substance abuse, but excludes  
8 treatment of the following diagnoses, all as defined in the manual:

- 9 (A) Noncompliance With Treatment (V15.81).
- 10 (B) Partner Relational Problem (V61.1).
- 11 (C) Physical/Sexual Abuse of an Adult (V61.12).
- 12 (D) Parent-Child Relational Problem (V61.20).
- 13 (E) Child Neglect (V61.21).
- 14 (F) Physical/Sexual Abuse of a Child (V61.21).
- 15 (G) Sibling Relational Problem (V61.8).
- 16 (H) Relational Problem Related to a Mental Disorder or General  
17 Medical Condition (V61.9).
- 18 (I) Occupational Problem (V62.29).
- 19 (J) Academic Problem (V62.3).
- 20 (K) Acculturation Problem (V62.4).
- 21 (L) Relational Problems (V62.81).
- 22 (M) Bereavement (V62.82).
- 23 (N) Physical/Sexual Abuse of an Adult (V62.83).
- 24 (O) Borderline Intellectual Functioning (V62.89).
- 25 (P) Phase of Life Problem (V62.89).
- 26 (Q) Religious or Spiritual Problem (V62.89).
- 27 (R) Malingering (V65.2).
- 28 (S) Adult Antisocial Behavior (V71.01).
- 29 (T) Child or Adolescent Antisocial Behavior (V71.02).
- 30 (U) There is not a Diagnosis or a Condition on Axis I (V71.09).
- 31 (V) There is not a Diagnosis on Axis II (V71.09).
- 32 (W) Nicotine Dependence (305.10).

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

37 (3) Any revision to the definition of "mental illness" pursuant  
38 to paragraph (2) shall be established by regulation promulgated  
39 jointly by the department and the Department of Insurance.

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

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

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

20 (d) Nothing in this section shall be construed to deny or restrict  
21 in any way the department's authority to ensure plan compliance  
22 with this chapter when a plan provides coverage for prescription  
23 drugs.

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

30 (f) This section shall not apply to a health care benefit plan or  
31 contract entered into with the Board of Administration of the Public  
32 Employees' Retirement System pursuant to the Public Employees'  
33 Medical and Hospital Care Act (Part 5 (commencing with Section  
34 22750) of Division 5 of Title 2 of the Government Code) unless  
35 the board elects, pursuant to Section 22856 of the Government  
36 Code, to purchase a health care benefit plan or contract that  
37 provides mental health coverage as described in this section.

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

1 (h) This section shall not apply to contracts between the  
2 Managed Risk Medical Insurance Board and health care service  
3 plans pursuant to the California Major Risk Medical Insurance  
4 Program (Part 6.5 (commencing with Section 12700) of the  
5 Insurance Code) or the Access for Infants and Mothers Program  
6 (Part 6.3 (commencing with Section 12695) of the Insurance Code).

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

9 10144.8. (a) A policy of health insurance that covers hospital,  
10 medical, or surgical expenses in this state that is issued, amended,  
11 or renewed on or after January 1, ~~2012~~ 2013, shall provide coverage  
12 for the diagnosis and medically necessary treatment of a mental  
13 illness of a person of any age, including a child, under the same  
14 terms and conditions applied to other medical conditions as  
15 specified in subdivision (c) of Section 10144.5. The benefits  
16 provided under this section shall include all those set forth in  
17 subdivision (b) of Section 10144.5.

18 (b) (1) "Mental illness" for the purposes of this section means  
19 a mental disorder defined in the Diagnostic and Statistical Manual  
20 of Mental Disorders IV (*DSM-IV*), published by the American  
21 Psychiatric Association, and includes substance abuse, but excludes  
22 treatment of the following diagnoses, all as defined in the manual:

- 23 (A) Noncompliance With Treatment (V15.81).
- 24 (B) Partner Relational Problem (V61.1).
- 25 (C) Physical/Sexual Abuse of an Adult (V61.12).
- 26 (D) Parent-Child Relational Problem (V61.20).
- 27 (E) Child Neglect (V61.21).
- 28 (F) Physical/Sexual Abuse of a Child (V61.21).
- 29 (G) Sibling Relational Problem (V61.8).
- 30 (H) Relational Problem Related to a Mental Disorder or General  
31 Medical Condition (V61.9).
- 32 (I) Occupational Problem (V62.29).
- 33 (J) Academic Problem (V62.3).
- 34 (K) Acculturation Problem (V62.4).
- 35 (L) Relational Problems (V62.81).
- 36 (M) Bereavement (V62.82).
- 37 (N) Physical/Sexual Abuse of an Adult (V62.83).
- 38 (O) Borderline Intellectual Functioning (V62.89).
- 39 (P) Phase of Life Problem (V62.89).
- 40 (Q) Religious or Spiritual Problem (V62.89).

- 1 (R) Malingering (V65.2).
- 2 (S) Adult Antisocial Behavior (V71.01).
- 3 (T) Child or Adolescent Antisocial Behavior (V71.02).
- 4 (U) There is not a Diagnosis or a Condition on Axis I (V71.09).
- 5 (V) There is not a Diagnosis on Axis II (V71.09).
- 6 (W) Nicotine Dependence (305.10).

7 (2) Following publication of each subsequent volume of the  
 8 manual, the definition of “mental illness” shall be subject to  
 9 revision to conform to, in whole or in part, the list of mental  
 10 disorders defined in the then-current volume of the manual.

11 (3) Any revision to the definition of “mental illness” pursuant  
 12 to paragraph (2) shall be established by regulation promulgated  
 13 jointly by the department and the Department of Managed Health  
 14 Care.

15 (c) (1) For the purpose of compliance with this section, a health  
 16 insurer may provide coverage for all or part of the mental health  
 17 services required by this section through a separate specialized  
 18 health care service plan or mental health plan and shall not be  
 19 required to obtain an additional or specialized license for this  
 20 purpose.

21 (2) A health insurer shall provide the mental health coverage  
 22 required by this section in its entire in-state service area and in  
 23 emergency situations as may be required by applicable laws and  
 24 regulations. For purposes of this section, health insurers are not  
 25 precluded from requiring insureds who reside or work in  
 26 geographic areas served by specialized health care service plans  
 27 or mental health plans to secure all or part of their mental health  
 28 services within those geographic areas served by specialized health  
 29 care service plans or mental health plans.

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

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

1 (d) This section shall not apply to accident-only, specified  
2 disease, hospital indemnity, or Medicare supplement insurance  
3 policies, or specialized health insurance policies, except behavioral  
4 health-only policies.

5 (e) This section shall not apply to a policy of health insurance  
6 purchased by the Board of Administration of the Public Employees'  
7 Retirement System pursuant to the Public Employees' Medical  
8 and Hospital Care Act (Part 5 (commencing with Section 22750)  
9 of Division 5 of Title 2 of the Government Code) unless the board  
10 elects, pursuant to Section 22856 of the Government Code, to  
11 purchase a policy of health insurance that covers mental health  
12 services as described in this section.

13 SEC. 4. This act shall not be deemed to require a qualified  
14 health plan that participates in the California Health Benefit  
15 Exchange to provide any greater coverage than is required pursuant  
16 to the minimum essential benefits package, as set forth in Section  
17 1311 of the federal Patient Protection and Affordable Care Act  
18 (Public Law 111-148).

19 SEC. 5. No reimbursement is required by this act pursuant to  
20 Section 6 of Article XIII B of the California Constitution because  
21 the only costs that may be incurred by a local agency or school  
22 district will be incurred because this act creates a new crime or  
23 infraction, eliminates a crime or infraction, or changes the penalty  
24 for a crime or infraction, within the meaning of Section 17556 of  
25 the Government Code, or changes the definition of a crime within  
26 the meaning of Section 6 of Article XIII B of the California  
27 Constitution.

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