
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 665

Session of
1981

INTRODUCED BY McVERRY, MICHLOVIC, MAIALE, CESSAR, MCINTYRE,
KOWALYSHYN, PETRARCA, LEVIN, ARTY, COWELL, WHITE, WACHOB,
ZWIKL, VAN HORNE, KUKOVICH, MURPHY, LUCYK, SIEMINSKI,
MADIGAN, ITKIN, ROCKS, SALVATORE, BORSKI, WARGO, HOEFFEL,
SWEET, RAPPAPORT, PISTELLA, PENDLETON, NAHILL,
A. K. HUTCHINSON, GEIST, DAWIDA, SEVENTY, TADDONIO AND RASCO,
FEBRUARY 18, 1981

REFERRED TO COMMITTEE ON INSURANCE, FEBRUARY 18, 1981

AN ACT

1 Requiring the availability of mental health and substance abuse
2 coverage under certain policies issued by certain group
3 insurers.

4 The General Assembly of the Commonwealth of Pennsylvania
5 hereby enacts as follows:

6 Section 1. Short title.

7 This act shall be known and may be cited as the "Mental
8 Health and Substance Abuse Insurance Coverage Act."

9 Section 2. Definitions.

10 The following words and phrases when used in this act, shall
11 have the meanings given them in this section, unless the context
12 clearly indicates otherwise:

13 "Mental disorder." A behavioral or psychological syndrome or
14 pattern that occurs in an individual that is typically
15 associated with either a painful symptom (or report of distress)
16 or impairment in one or more important areas of functioning

1 (disability).

2 "Partial hospitalization service." A nonresidential
3 treatment service of patients who because of their condition,
4 require more than periodic hourly psychiatric visits. Partial
5 hospitalization services are prescribed by a physician or
6 psychologist and carried out under medical supervision in an
7 approved or licensed mental health facility or by a licensed
8 partial hospitalization provider. Partial hospitalization
9 requires less than 24 hours of care at a minimum of three hours
10 a day.

11 "Psychiatric outpatient service." A psychiatric
12 nonresidential treatment provided on an ambulatory basis to
13 patients with mental disorders and which includes psychiatric,
14 psychological, social and other interventions prescribed by a
15 physician or psychologist and carried out under medical
16 supervision in an approved or licensed mental health facility.
17 Partial hospitalization services, for purposes of this act are
18 also considered outpatient services.

19 "State approved or licensed mental health facility." A
20 private entity qualified as a tax exempt organization under
21 section 501(c)(3) of the Internal Revenue Code or a public
22 entity created by the General Assembly:

23 (1) which is primarily engaged in providing
24 nonresidential services for the diagnosis and treatment of
25 mentally ill persons, has a requirement that all mental
26 health care be under a treatment plan approved and reviewed
27 by a licensed physician and has appropriate arrangements to
28 assure that patients requiring medical services can be
29 referred to a physician or hospital; and

30 (2) which has been licensed as a mental health facility

1 or partial hospitalization service by the Department of
2 Public Welfare.

3 "State approved or licensed substance abuse outpatient
4 facility." A private entity qualified as a tax exempt
5 organization under section 501(c)(3) of the Internal Revenue
6 Code or a public entity created by the General Assembly:

7 (1) which is primarily engaged in providing
8 nonresidential services for the diagnosis and treatment of
9 alcohol or drug dependent persons, has a requirement that a
10 treatment plan be approved and reviewed by a licensed
11 physician and has appropriate arrangements to assure that
12 patients requiring medical services can be referred to a
13 physician or hospital; and

14 (2) which has been licensed as a drug and alcohol
15 outpatient service by the Governor's Council on Drug and
16 Alcohol Abuse.

17 "Substance abuse." Any use of alcohol or other drug or
18 controlled substance producing a state of psychological or
19 physical dependence, or both, on a continuing basis.

20 "Substance abuse outpatient service." A psychiatric
21 nonresidential treatment for drug and alcohol dependent patients
22 which includes psychiatric, psychological, social and vocational
23 elements prescribed by a physician and performed under medical
24 supervision in a facility that is approved or licensed by the
25 Governor's Council on Drug and Alcohol Abuse.

26 Section 3. Policy coverages.

27 (a) (1) Notwithstanding the situs of issuance or delivery
28 of the master group contract, every insurer and every
29 nonprofit corporation subject to 40 Pa.C.S. Ch. 61 (relating
30 to hospital plan corporations), Ch. 63 (relating to

1 professional health services plan corporations) and Ch. 65
2 (relating to fraternal benefit societies), or the act of
3 December 29, 1972 (P.L.1707, No.364), known as the "Voluntary
4 Nonprofit Health Service Act of 1972," issuing a group
5 hospital or medical-surgical policy providing coverage on a
6 cost incurred basis shall make available, upon request of any
7 group for a group health subscription benefits as specified
8 by the provisions of this act for the care and treatment of
9 mental, emotional, or nervous disorders and substance abuse.
10 Such benefits shall consist of deductibles and co-insurance
11 factors that are not less favorable than for physical illness
12 generally, but coverage shall not be required to be made
13 available for more than 30 outpatient visits per year nor for
14 more than 120 three hour sessions of partial hospitalization
15 services per year.

16 (2) The benefits required to be made available by this
17 subsection shall be a part of each group policy or group
18 contract described in paragraph (1), unless the policyholder
19 or group contract subscriber rejects in writing such
20 coverage.

21 (b) With respect to policies and contracts as described in
22 subsection (a)(1) which are delivered or issued for delivery in
23 this Commonwealth on or before the effective date of this act,
24 each insurer and nonprofit hospital or medical service plan
25 corporation shall notify the group policyholder or group
26 contract holder of the availability of coverage described in
27 subsection (a). The notification shall describe the benefits
28 available and shall provide a means by which the policyholder or
29 group contract holder may communicate acceptance or rejection of
30 the coverage.

1 (c) With respect to policies and contracts as described in
2 subsection (a) which are delivered or issued for delivery in
3 this Commonwealth on or after the effective date of this act,
4 each insurer and nonprofit hospital and medical service plan
5 corporation shall notify the group policyholder or group
6 contract holder of the availability of coverage described in
7 subsection (a). The notification shall describe the benefits
8 available and shall provide a means by which the policyholder or
9 group contract holder may communicate acceptance or rejection of
10 the coverage.

11 (d) All group hospital and major medical policies delivered
12 or issued for delivery in this Commonwealth on or after the
13 effective date of this act, and all group hospital, medical and
14 major medical service plans commencing in this Commonwealth on
15 or after the effective date of this act, which provide benefits
16 for expenses of residents of this Commonwealth arising from
17 psychiatric disorders, mental or nervous disorders, and
18 substance abuse shall provide benefits for services performed in
19 a mental health facility, provided the facility is:

20 (1) with respect to outpatient benefits, a State
21 approved or licensed mental health facility or substance
22 abuse facility as defined in section 2; and

23 (2) has established peer review and utilization review
24 procedures.

25 Section 4. Rules and regulations.

26 The Insurance Commissioner may issue rules and regulations
27 necessary for implementation and for monitoring compliance with
28 the act.

29 Section 5. Preservation of benefits.

30 Nothing in this act shall be construed to require that any

1 policy, contract, or certificate amended by this act reduce in
2 any fashion benefits already held by an insured that are greater
3 than those provided by this act nor shall this act be construed
4 to prevent the offering or acceptance of benefits greater than
5 those required by this act at any time by any insurer.

6 Section 6. Repeal.

7 Section 618(B)(11), act of May 17, 1921 (P.L.682, No.284),
8 known as "The Insurance Company Law of 1921," is repealed
9 insofar as inconsistent with this act.

10 Section 7. Effective date.

11 This act shall take effect in 180 days.