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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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HOUSE BILL

No. 877

Session of  
1981

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INTRODUCED BY A. K. HUTCHINSON AND MICHLOVIC, MARCH 17, 1981

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REFERRED TO COMMITTEE ON INSURANCE, MARCH 17, 1981

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AN ACT

1 Providing for certain medical insurance benefits to be included  
2 in certain policies.

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

5 Section 1. All group and individual accident and sickness  
6 insurance policies providing hospital or medical-surgical or  
7 major medical coverage, and all subscriber contracts or  
8 certificates issued by a nonprofit corporation subject to 40  
9 Pa.C.S., Chapter 61 (relating to hospital plan corporations),  
10 Chapter 63 (relating to professional health services plan  
11 corporations), and Chapter 65 (relating to fraternal benefit  
12 societies), or the act of December 29, 1972 (P.L.1701, No.364),  
13 known as the "Voluntary Nonprofit Health Service Act of 1972,"  
14 providing hospital or medical-surgical or major medical coverage  
15 shall include within the scope of such coverage those benefits  
16 defined in section 2.

17 Section 2. (a) If such insurance policy, subscriber

1 contract, or certificate other than a major medical policy,  
2 contract or certificate provides coverage for inpatient  
3 hospitalization resulting from a covered injury or sickness,  
4 such policy, contract or certificate shall also provide coverage  
5 for medically necessary inpatient hospitalization for treatment  
6 of mental or nervous disorders or substance abuse, either in a  
7 mental hospital or a general hospital, equivalent to that  
8 coverage provided for inpatient hospitalization for covered  
9 injury or sickness: Provided, however, That such coverage may be  
10 limited:

11 (1) If benefits are provided on the basis of a number of  
12 allowable inpatient days per benefit period, to the lesser of  
13 actual number of allowable days provided under the contract,  
14 policy or certificate per benefit period or 60 days of  
15 inpatient hospitalization per calendar year.

16 (2) If benefits are provided on a basis other than of a  
17 number of allowable inpatient days, to 25% of the maximum  
18 allowable reimbursable expense provided under such policy,  
19 contract or certificate for inpatient hospitalization per  
20 calendar year.

21 (b) If such insurance policy, subscriber contract or  
22 certificate, other than a major medical policy, contract or  
23 certificate, provides coverage for inpatient hospitalization  
24 resulting from a covered injury or sickness, such policy,  
25 contract or certificate shall also provide coverage for  
26 medically necessary partial hospitalization or nonhospital  
27 inpatient services for the treatment of mental or nervous  
28 disorders or substance abuse: Provided, however, That such  
29 coverage may be limited as provided in subsection (a), with  
30 three days of partial hospitalization or nonhospital inpatient

1 services being equivalent to one day of inpatient  
2 hospitalization up to a maximum of 90 days of partial  
3 hospitalization.

4 (c) If such insurance policy, contract or certificate, other  
5 than a major medical policy, subscriber contract or certificate,  
6 provides coverage for medical-surgical treatment by a physician  
7 while a hospital inpatient, such policy, contract or certificate  
8 shall also provide equivalent coverage for the medically  
9 necessary treatment by a physician or mental health professional  
10 under the supervision of a physician of mental or nervous  
11 disorders or substance abuse: Provided, however, That such  
12 coverage may be limited:

13 (1) If benefits are provided on the basis of number of  
14 allowable days per benefit period, to the lesser of the  
15 actual days provided, or 60 days of coverage per calendar  
16 year.

17 (2) If benefits are provided on the basis of number of  
18 allowable visits per benefit period, to the lesser of actual  
19 visits allowed per benefit period, or 60 visits per calendar  
20 year.

21 (3) If benefits are provided on a basis other than on  
22 number of days or number of visits, to 25% of the maximum  
23 reimbursable expense provided under such policy, contract or  
24 certificate for inpatient medical treatment per calendar  
25 year.

26 (d) If such insurance policy, contract or certificate other  
27 than a major medical policy, contract or certificate provides  
28 coverage for medically necessary outpatient treatment by a  
29 physician for covered injury or sickness, such policy, contract  
30 or certificate shall also provide equivalent coverage for

1 medically necessary treatment by a physician or mental health  
2 professional under the supervision of a physician of mental or  
3 nervous disorders or substance abuse: Provided, however, That  
4 such coverage may be limited to that made available by or  
5 through an acceptable provider.

6 (e) If such insurance policy, contract or certificate is  
7 determined by the Insurance Commissioner upon its submission for  
8 review and approval, and in accordance with such rules and  
9 regulations as he may promulgate, in accordance with the  
10 provisions of section 354 of the act of May 17, 1921 (P.L.682,  
11 No.284), known as "The Insurance Company Law of 1921," as  
12 amended; 40 Pa. C.S. § 6124 (relating to rates and contracts), §  
13 6329 (relating to rates and contracts) or § 6529 (relating to  
14 beneficiary certificates), to be a major medical policy,  
15 contract, or certificate, such policy, contract or certificate  
16 shall include within the scope of its coverage as expenses  
17 eligible for reimbursement, on a basis equal to that provided  
18 for expenses related to covered illness or injury and with  
19 deductibles and coinsurance percentages no different than those  
20 provisions governing other illness or injury, those expenses  
21 incurred by a covered person for medically necessary outpatient  
22 treatment provided for mental or nervous disorders or substance  
23 abuse by a physician or other mental health professionals under  
24 the supervision of a physician and made available by or through  
25 an acceptable provider.

26 Section 3. All benefits for medically necessary treatment of  
27 mental or nervous disorders or substance abuse may be limited to  
28 only those provided by or through an acceptable provider:

29 (1) A county or joinder mental health/mental retardation  
30 or drug and alcohol abuse program.

1           (2) A corporation which has qualified as a public or  
2       nonprofit community mental health center under the Mental  
3       Retardation Facilities and Community Mental Health Centers  
4       Construction Act of 1963, as amended, 42 U.S.C. 2661-2697(b).

5           (3) A general hospital.

6           (4) A mental hospital.

7           (5) A corporation, including a closed panel group  
8       practice, which has contracted with a county or joinder  
9       mental health/mental retardation or drug and alcohol abuse  
10      program to provide service for a defined group.

11          (6) A facility certified as approved by the Governor's  
12      Council on Drug and Alcohol Abuse.

13   Benefits shall also be limited to facilities which are  
14   accredited, licensed or approved by public or private  
15   accreditation, licensing or approving agencies acceptable to the  
16   Department of Health.

17      Section 4. Section 618(b)(11) of the act of May 17, 1921  
18   (P.L.682, No.284), known as "The Insurance Company Law of 1921,"  
19   is repealed.

20      Section 5. The Insurance Commissioner may issue regulations  
21   implementing this act, including definition of the terms mental  
22   or nervous disorder, substance abuse and major medical.

23      Section 6. Nothing in this act shall preclude issuance of  
24   any policy, contract or certificate which combines two or more  
25   of the categories of coverage described in section 2.

26      Section 7. Nothing in this act shall serve to diminish the  
27   benefits of any insured or subscriber effective on the act's  
28   effective date nor prevent the offering or acceptance of  
29   benefits better than required herein.

30      Section 8. The requirements of this act shall apply to all

1 insurance policies, subscriber contracts or certificates, and  
2 group insurance certificates issued under any group master  
3 policy, delivered or issued for delivery more than 180 days  
4 after the effective date. The requirements of this act shall  
5 also apply to all renewals for contracts on any renewal date  
6 which is more than 180 days after the effective date of the act.

7 Section 9. This act shall take effect immediately.