
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2807 Session of
2002

INTRODUCED BY BROWNE, ADOLPH, M. BAKER, BARD, BASTIAN, BEBKO-JONES, BELARDI, BELFANTI, BENNINGHOFF, BIRMELIN, BISHOP, BOYES, BUNT, BUXTON, CALTAGIRONE, CAPPELLI, CAWLEY, CIVERA, CLYMER, M. COHEN, COLAFELLA, COLEMAN, CORNELL, CREIGHTON, CRUZ, CURRY, DAILEY, DALEY, DALLY, DeLUCA, DERMODY, DeWEESE, DiGIROLAMO, EACHUS, FLEAGLE, FORCIER, FRANKEL, FREEMAN, GABIG, GEIST, GEORGE, GODSHALL, GRUCELA, GRUITZA, HARHAI, HARHART, HENNESSEY, HERMAN, HORSEY, JAMES, JOSEPHS, KELLER, KENNEY, KIRKLAND, KREBS, LaGROTTA, LAUGHLIN, LAWLESS, LEDERER, LEH, LESCOVITZ, LEVDANSKY, LUCYK, MACKERETH, MAITLAND, MAJOR, MANDERINO, MANN, MARKOSEK, MARSICO, McGEEHAN, McNAUGHTON, MELIO, MICHLOVIC, S. MILLER, MUNDY, MYERS, NAILOR, O'BRIEN, OLIVER, PETRARCA, PHILLIPS, PICKETT, PISTELLA, PRESTON, READSHAW, ROEBUCK, ROONEY, ROSS, RUBLEY, SANTONI, SCAVELLO, SCHRODER, SCRIMENTI, SHANER, B. SMITH, STABACK, STEELMAN, STERN, STETLER, R. STEVENSON, T. STEVENSON, STRITTMATTER, STURLA, SURRA, E. Z. TAYLOR, J. TAYLOR, THOMAS, TIGUE, TRAVAGLIO, TRELLO, TURZAI, VEON, WALKO, WASHINGTON, WATSON, WILT, YOUNGBLOOD, YUDICHAK AND ZUG, JULY 15, 2002

REFERRED TO COMMITTEE ON HEALTH AND HUMAN SERVICES,
JULY 15, 2002

AN ACT

1 Requiring disclosure by carriers of expense ratios in the
2 provision of treatment of alcohol and drug abuse and
3 addiction.

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 Expense Ratio
8 Disclosure Act.

9 Section 2. Definitions.

1 The following words and phrases when used in this act shall
2 have the meanings given to them in this section unless the
3 context clearly indicates otherwise:

4 "Behavioral health care services." Procedures or services
5 rendered by a health care program for the treatment of alcohol
6 or drug abuse and addiction or mental health services.

7 "Carrier." Any of the following:

- 8 (1) a health insurer;
- 9 (2) a nonprofit health service plan;
- 10 (3) a health maintenance organization;
- 11 (4) a preferred provider organization;
- 12 (5) a third party administrator; or
- 13 (6) any other entity that provides health benefit plans
14 subject to regulation by the Commonwealth.

15 "Direct care expenses." The payment to an addiction
16 treatment program or mental health service for the provision of
17 services to a member.

18 "Direct payment." The payments that a carrier disburses to a
19 managed behavioral health care organization for the provision of
20 alcohol and drug abuse and addiction or mental health treatment
21 services for subscribers.

22 "Drug and alcohol abuse and addiction treatment expense
23 ratio." The ratio of the total direct care expenses incurred
24 for treatment service in relation to the total overall direct
25 payments for behavioral health care services.

26 "Managed behavioral health care organization." A company,
27 organization or subsidiary that:

- 28 (1) Contracts with a carrier to provide, undertake to
29 arrange or administer behavioral health care services to
30 members.

(2) Otherwise makes behavioral health care services available to members through contracts with health care programs.

"Member." An individual entitled to behavioral health care services from a carrier or a managed behavioral health care organization under a policy or plan issued or delivered in this Commonwealth or otherwise subject to regulation by the Commonwealth. The term includes a subscriber.

"Treatment program." A facility licensed by the Department of Health to provide for treatment of alcohol and drug abuse and addiction.

Section 3. Distribution at time of enrollment.

A carrier that owns or contracts with a managed behavioral health care organization shall distribute to its members at the time of enrollment an explanation of all of the following:

(1) The specific alcohol and drug abuse and addiction treatment services covered and the specific exclusions under the member's contract.

(2) The reimbursement methodology that the carrier and managed behavioral health care organization use to reimburse addiction treatment programs for addiction treatment services.

(3) The procedure that a member must utilize when attempting to obtain behavioral health care services outside the network of programs used by the carrier or managed behavioral health care organization.

Section 4. Report to Department of Health.

Each carrier that provides behavioral health care services through a company owned wholly or in part by the carrier or through a contract with a managed behavioral health care

1 organization shall file a report on an annual basis with the
2 Insurance Department, the Department of Health, the Pennsylvania
3 Commission on Crime and Delinquency, the Public Health and
4 Welfare Committee of the Senate, the Health and Human Services
5 Committee of the House of Representatives and shall disclose the
6 drug and alcohol abuse and addiction treatment expense ratio for
7 the provision of this care to members.

8 Section 5. Effective date.

9 This act shall take effect January 1, 2003.