

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1758 Session of
1989

INTRODUCED BY MICHLOVIC, McVERRY, KUKOVICH, VAN HORNE, MURPHY,
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JAMES, TANGRETTI, WESTON, HAYDEN, LEVDANSKY, KAISER, COWELL,
BOWLEY, DeWEESE, LANGTRY, KONDRICH AND FARMER, JUNE 26, 1989

REFERRED TO COMMITTEE ON INSURANCE, JUNE 26, 1989

AN ACT

1 Amending the act of May 17, 1921 (P.L.682, No.284), entitled "An
2 act relating to insurance; amending, revising, and
3 consolidating the law providing for the incorporation of
4 insurance companies, and the regulation, supervision, and
5 protection of home and foreign insurance companies, Lloyds
6 associations, reciprocal and inter-insurance exchanges, and
7 fire insurance rating bureaus, and the regulation and
8 supervision of insurance carried by such companies,
9 associations, and exchanges, including insurance carried by
10 the State Workmen's Insurance Fund; providing penalties; and
11 repealing existing laws," providing optional benefits from
12 health care benefit plans.

13 The General Assembly of the Commonwealth of Pennsylvania
14 hereby enacts as follows:

15 Section 1. The act of May 17, 1921 (P.L.682, No.284), known
16 as The Insurance Company Law of 1921, is amended by adding an
17 article to read:

18 ARTICLE VI-B.

19 OPTIONAL BENEFITS FOR THE TREATMENT

20 OF SEVERE MENTAL DISORDERS.

1 Section 601-B. Legislative Intent.--In recognition of the
2 present limitations on flexible treatment of mental disorders
3 under health care benefit plans, the General Assembly declares
4 its intent to encourage the appropriate, individualized, cost-
5 effective treatment of mental disorders. Health care benefits
6 for medically and psychologically necessary therapeutic
7 treatment options shall be available as an alternative to
8 inpatient care to the extent of the dollar and durational limits
9 of the health care benefit plan, so as to assure flexible,
10 effective treatment of mental disorders. To the extent possible,
11 a portion of inpatient benefits shall be preserved, and
12 alternative, less expensive therapeutic services shall be
13 preferred.

14 Section 602-B. Definitions.--As used in this article the
15 following words and phrases shall have the meanings given to
16 them in this section:

17 "Clinical social worker." A licensed social worker who is
18 certified by a national professional organization offering
19 certification of clinical social workers or who meets equivalent
20 standards as prescribed by the State Board of Social Work
21 Examiners and

22 (1) Has at least a master's degree in social work from a
23 graduate school of social work with appropriate accreditation as
24 recognized by the State Board of Social Work Examiners.

25 (2) Has had a minimum of two years, three thousand hours, of
26 post-master's degree supervised clinical social work practice
27 under the supervision of a master's level social worker.

28 "Health care benefit plan." Any health or sickness or
29 accident insurance policy providing hospital or medical or
30 surgical coverage and any subscriber contract or certificate

1 issued by any entity providing hospital or medical/surgical
2 coverage and subject to this act, to 40 Pa.C.S. Ch. 61 (relating
3 to hospital plan corporations) or 63 (relating to professional
4 health services plan corporations), or to the act of December
5 29, 1972 (P.L.1701, No.364), known as the "Health Maintenance
6 Organization Act," or the act of July 29, 1977 (P.L.105, No.38),
7 known as the "Fraternal Benefit Society Code."

8 "Inpatient services." The provision of necessary therapeutic
9 services twenty-four hours a day in a treatment facility
10 according to individualized treatment plans.

11 "Mental disorder." A syndrome of clinically significant
12 behavioral, biological or psychological abnormalities that
13 result in painful symptoms (distress) or impairment, or both, in
14 one or more areas of functioning (disability). In the resulting
15 disability, there is a clinically significant behavioral,
16 biological or psychological dysfunction which is not primarily
17 in the relationship between the individual and society.

18 "Outpatient services." A nonresidential treatment modality
19 which is provided on an ambulatory basis to patients with mental
20 disorders and includes necessary therapeutic services carried
21 out according to an individualized treatment plan.

22 "Partial hospitalization services." The provision of
23 necessary therapeutic services to patients according to an
24 individualized treatment plan. Partial hospitalization patients
25 require less than twenty-four hours care, but more intensive and
26 comprehensive services than are offered in outpatient care.
27 Partial hospitalization is provided on a planned and regularly
28 scheduled basis for a minimum of three hours but less than
29 twenty-four hours in any one day.

30 "Psychiatric nurse." A certified psychiatric mental health

nurse certified by the State Board of Nursing or a national nursing organization recognized by the State Board of Nursing.

"Severe mental disorders." Acute, chronic or recurrent mental disorders exclusively identified as organic mental disorders, schizophrenic disorders, paranoid disorders, other psychotic disorders, affective disorders (bipolar disorders and recurrent major depression), as described in the current edition of the Diagnostic and Statistical Manual of Mental Disorders of the American Psychiatric Association and for which the provision of inpatient services may be appropriate.

"Treatment facility." A facility licensed by the Department of Health or the Department of Public Welfare.

"Qualifying individual." An individual who has utilized less than fifty percent of the total dollar value of coverage for inpatient services provided for the treatment of mental disorders by a health care benefit plan.

Section 603-B. Optional Benefits.--Any qualifying individual diagnosed as suffering from a severe mental disorder and covered by a health care benefit plan shall be provided an option to ensure the cost-effective and efficient provision of benefits available from the health care benefit plan. The option shall be devised by the health care benefit plan to allow a qualifying individual to substitute, for whatever benefits and benefit limitations are otherwise available pursuant to the plan for the treatment of a severe mental disorder, an alternative benefit plan which has an equivalent total dollar value but which will substitute alternative benefit limitations including the use of outpatient services, partial hospitalization, non-hospital inpatient services and other types of services not otherwise covered by the health care benefit plan. Benefits management

1 decisions will reflect the health care plan's financial
2 considerations and will not substitute for therapeutic
3 decisions.

4 Section 604-B. Administrative Costs.--Any administrative
5 costs associated with preparing and supervising the
6 implementation of an alternative benefit plan shall be deducted
7 from the total dollar value of the alternative benefit plan.
8 Administrative costs shall be consistent with the administrative
9 costs for the management of comparable benefit plans for the
10 treatment of physical illness.

11 Section 605-B. Lifetime Maximum Benefits.--Any qualifying
12 individual electing an alternative benefit plan for the
13 treatment of severe mental disorders pursuant to this article
14 shall be eligible for renewability of any lifetime limit imposed
15 by the health care benefit plan for the treatment of mental
16 disorders in the same manner in which benefit limitations are
17 renewed for medical disorders other than mental disorders.

18 Section 606-B. Eligibility to Receive Reimbursement.--Those
19 eligible to receive reimbursement for services provided during
20 treatment of the conditions defined above are limited to:

21 (1) Treatment facilities licensed by the Department of
22 Health or the Department of Public Welfare.

23 (2) Individuals who are licensed physicians, psychologists,
24 clinical social workers or psychiatric nurses.

25 Section 607-B. Rules and Regulations.--The Insurance
26 Commissioner and the Secretary of Public Welfare, in
27 consultation with the Commissioner of Professional and
28 Occupational Affairs, shall jointly promulgate those rules and
29 regulations as are deemed necessary for the effective
30 implementation and operation of this article, including

1 information regarding health care benefit plan limitations and
2 their use.

3 Section 608-B. Preservation of Certain Benefits.--(a) No
4 policy, contract or benefit plan of health insurance shall
5 reduce or eliminate the amount, duration or level of health care
6 insurance issued or in effect on January 1, 1989, unless any
7 such reduction or other change is equally applicable to all
8 conditions covered under the policy.

9 (b) Nothing in this article shall prevent a health care
10 benefit plan from offering optional benefits for conditions
11 other than severe mental disorders.

12 Section 2. This act shall apply to all policies, contracts
13 and certificates delivered or issued for delivery more than 120
14 days after the effective date of this act. The requirements of
15 this act shall also apply to all renewals of policies, contracts
16 or certificates on any renewal date which is more than 120 days
17 after the effective date of this act.

18 Section 3. This act shall take effect immediately.