

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1205

Session of
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DiCARLO, SWEET, MACKOWSKI, HASAY AND CESSAR, MAY 2, 1979

REFERRED TO COMMITTEE ON INSURANCE, MAY 2, 1979

AN ACT

1 Requiring certain mandatory policy provisions in accident and
2 sickness insurance policies to provide benefits for substance
3 abuse treatment.

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

4 Section 1. Short title.

5 This act shall be known and may be cited as the "Drug and
6 Alcohol Addiction Insurance Coverage Act."

7 Section 2. Legislative findings and declaration of policy.

8 (a) Legislative findings.--The General Assembly hereby
9 determines and declares as a matter of legislative finding that:

10 (1) Medical science recognizes that drug and alcohol
11 abuse and dependence is a disease or sickness and that this
12 Commonwealth has, with the enactment of the act of April 14,
13 1972 (P.L.221, No.63), known as the "Pennsylvania Drug and
14 Alcohol Abuse Control Act," declared as a matter of public
15 policy that drug and alcohol abuse and dependence is to be
16 recognized as a health problem or illness for purposes of all
17 legislation relating to health, welfare and rehabilitation
18 programs, services, funds and other benefits.

19 (2) Drug and alcohol abuse or dependence is directly
20 responsible for, or a significant causative factor in a very
21 high percentage of: criminal offenses; highway accidents;
22 industrial accidents; child abuse; family breakdown; divorce;
23 juvenile delinquency; joblessness and job absenteeism;
24 welfare roles and hospital admissions; with the result that
25 the costs to Pennsylvanians is catastrophic in terms of
26 millions of dollars spent annually for high taxes for
27 welfare, health, unemployment and other public benefits;
28 increased automobile insurance premiums; increased health
29 care insurance premiums; loss of worker productivity in both
30 the public and private sector; with the result being even

1 more catastrophic in terms of human suffering.

2 (3) Alcoholism and drug abuse continues to be one of the
3 foremost health and economic problems confronting the Nation
4 and the Commonwealth with at least one out of every ten
5 Pennsylvanians over the age of 14 directly suffering from the
6 disease or illness and with their addiction indirectly
7 affecting the lives of many others.

8 (4) Alcoholism and drug abuse is a treatable disease,
9 and if properly treated in the earlier stages, the more
10 serious medical effects occurring in the advanced stages,
11 requiring more costly and extensive treatment can be avoided
12 or reduced; and that treatment of the disease itself is far
13 less costly than treatment of most other illnesses.

14 (5) The majority of group and individual accident and
15 sickness or health care insurance policies in Pennsylvania
16 exclude benefits for treatment of alcoholism or drug abuse,
17 with the result that:

18 (i) persons suffering from the disease are deterred
19 from seeking treatment; and

20 (ii) persons in need of hospitalization from the
21 effects of the disease are admitted to hospitals under
22 inappropriate diagnoses and given treatment at
23 substantially higher costs with their primary medical
24 problem not being responsibly addressed; all of which
25 results in costly misutilization of health care
26 facilities and costly payments of medical claims,
27 confirmed by studies showing that an addicted person
28 treated in this fashion generally utilizes health care
29 facilities and insurance benefits substantially more
30 often than a nonaddicted person.

1 (6) The present exclusion from medical insurance
2 benefits for alcohol and drug addition is an arbitrary and an
3 unfairly discriminatory practice.

4 (7) The Commonwealth has the responsibility of
5 regulating medical insurance carriers to protect the public
6 from arbitrary and unfairly discriminatory practices, to
7 assure that Pennsylvanians are receiving adequate benefits
8 for their premium dollars and to correct any abuses in
9 misutilization of health care facilities caused by such
10 discriminatory practices.

11 (b) Policy declaration.--It is hereby declared that the
12 public policy of the Commonwealth of Pennsylvania relating to
13 drug and alcohol abuse and dependency will be furthered and
14 enhanced by requiring health care insurers to provide coverage
15 for drug and alcohol addiction and that to require such coverage
16 will result in:

17 (1) More effective utilization of health care facilities
18 and containment of health care costs.

19 (2) More efficient expenditure of health care dollars.

20 (3) Proper medical treatment for a large segment of
21 Pennsylvanians.

22 (4) Alleviation of the enormous economic cost and human
23 hardship caused by untreated or improperly treated drug or
24 alcohol abuse or dependence.

25 Section 3. Definitions.

26 The following words and phrases when used in this act shall
27 have the meanings given them in this section unless the context
28 clearly indicates otherwise:

29 "Certified addiction counselor." A person certified as an
30 alcoholism or drug abuse counselor in accordance with procedures

1 approved by the Governor's Council on Drug and Alcohol Abuse.

2 "Costs." All costs of a facility necessary to provide a
3 service including but not limited to services of physicians,
4 nurses, psychologists, psychotherapists, social workers and
5 addiction counselors.

6 "Detoxification." The process whereby a drug or alcohol
7 intoxicated or dependent person is assisted through the period
8 of time necessary to eliminate by metabolic or other means, the
9 presence of intoxicating substances or dependency factors, while
10 keeping the physiological and psychological risk to the client
11 at a minimum.

12 "Family therapy." The provision of psychologically necessary
13 counseling or therapeutic services on a planned and regularly
14 scheduled basis to two or more individuals each related to one
15 another within three degrees of consanguinity or affinity.

16 "Hospital." A facility licensed or approved as a hospital by
17 the Department of Health.

18 "Inpatient." The provision of medical, nursing, counseling
19 or therapeutic services 24 hours a day in a hospital or
20 nonhospital facility.

21 "Intermediate care." The provision of medical, nursing,
22 counseling or therapeutic services to drug or alcohol abusers or
23 dependent persons in a residential environment, according to
24 individualized treatment plans.

25 "Nonhospital facility." A facility for the care or treatment
26 of alcohol or drug dependent persons, licensed or approved by
27 the Governor's Council on Drug and Alcohol Abuse.

28 "Outpatient care." The provision of medical, nursing,
29 counseling or therapeutic services in a hospital or nonhospital
30 facility, generally of short duration and on a regular and

1 predetermined schedule, with the patient or client residing
2 outside the facility.

3 "Partial hospitalization." The provision of medical,
4 nursing, counseling or therapeutic services on a planned and
5 regularly scheduled basis, designed for a patient or client who
6 would benefit from more intensive services than are offered in
7 outpatient treatment but who do not require inpatient care.

8 "Service unit." A cycle of care or treatment within a
9 specific modality which commences upon diagnosis and admission
10 for care or treatment and which is terminated either upon
11 reevaluation of a patient's or client's condition and discharge,
12 or upon a patient's or client's voluntary withdrawal from care
13 or treatment.

14 "Substance abuse." Any use of alcohol or other drug or
15 controlled substance which is diagnosed by a licensed physician,
16 psychologist or certified addiction counselor as producing a
17 state of psychic or physical dependence, or both, arising out of
18 the administration of alcohol or other drug or controlled
19 substance on a continuing basis.

20 Section 4. Mandated policy coverages.

21 All accident and sickness insurance policies providing
22 hospital or medical-surgical coverage on a cost incurred basis
23 and all subscriber contracts or certificates issued by a
24 nonprofit corporation subject to 40 Pa.C.S. Chapter 61 (relating
25 to hospital plan corporations), Chapter 63 (relating to
26 professional health services plan corporations) and Chapter 65
27 (relating to fraternal benefit societies), or the act of
28 December 29, 1972 (P.L.1701, No.364), known as the "Voluntary
29 Nonprofit Health Service Act of 1972," providing hospital or
30 medical-surgical coverage on a cost incurred basis shall include

1 within the scope of such coverage on a cost incurred basis those
2 benefits for substance abuse provided in sections 5, 6, 7 and 8.

3 Section 5. Inpatient detoxification.

4 (a) Treatment setting.--Inpatient detoxification as a
5 covered benefit under this act shall be provided either in a
6 hospital or in an inpatient, nonhospital facility which has a
7 written affiliation agreement with a hospital for emergency and
8 medical and psychiatric/psychological support services.

9 (b) Covered services.--The following services shall be
10 covered under inpatient detoxification:

11 (1) Room and board.

12 (2) Physician and other personnel services.

13 (3) Diagnostic x-ray.

14 (4) Laboratory and other testing services.

15 (5) Drugs, medicines and supplies.

16 (c) Duration.--

17 (1) Inpatient detoxification shall be covered for 28
18 days annually. Inpatient detoxification coverage may be
19 utilized as follows:

20 (i) four service units each consisting of a maximum
21 of seven days for alcoholism;

22 (ii) two service units each consisting of a maximum
23 of 14 days for other substance abuse; or

24 (iii) two service units consisting of a maximum of
25 seven days for alcoholism and one service unit consisting
26 of a maximum of 14 days for other substance abuse.

27 (2) Service units shall be separated by a minimum period
28 of 72 hours during which time the insured shall be discharged
29 from the hospital or nonhospital facility.

30 Section 6. Intermediate care.

1 (a) Treatment setting.--Intermediate care as a covered
2 benefit under this act shall be provided in a treatment facility
3 licensed by the Governor's Council on Drug and Alcohol Abuse as
4 an inpatient nonhospital or inpatient hospital facility. Before
5 an insured may qualify to receive benefits under this section,
6 such facility must have at least 60% of its addiction counseling
7 staff certified under procedures approved by the Governor's
8 Council on Drug and Alcohol Abuse, and all treatment of the
9 insured must be supervised by a certified staff member.

10 (b) Covered services.--The following services shall be
11 covered under intermediate care:

- 12 (1) Room and board.
- 13 (2) Professional and trained staff services.
- 14 (3) Laboratory tests.
- 15 (4) Drugs, medicines and supplies.
- 16 (5) Equipment use.
- 17 (6) Individual and group counseling, therapy and
18 testing.

19 (c) Duration.--Intermediate care shall be covered for 45
20 days annually. The care shall be utilized in service units, any
21 one unit consisting of a maximum of 30 days. If more than one
22 unit is utilized, the service units shall be separated by a
23 minimum period of seven days during which time the insured shall
24 be discharged from the intermediate care facility.

25 Section 7. Partial hospitalization.

26 (a) Eligibility reimbursement.--To be reimbursable, the
27 first partial treatment unit in any 24 hour period must consist
28 of the minimum number of hours established for partial
29 hospitalization reimbursement by Title XIX (Medicaid) of the
30 Federal Social Security Act, 42 U.S.C. § 1396 et. seq.

(b) Treatment setting.--Partial hospitalization as a covered benefit under this act shall be provided either in a hospital or in a treatment facility licensed by the Governor's Council on Drug and Alcohol Abuse as a provider of partial hospitalization. Before an insured may qualify to receive benefits under this section, the treatment facility shall have at least 60% of its addiction counseling staff certified under procedures approved by the Governor's Council on Drug and Alcohol Abuse.

(c) Covered services.--The following services shall be covered under partial hospitalization:

- (1) Meals.
- (2) Professional and trained staff services.
- (3) Laboratory tests.
- (4) Drugs and medicines.
- (5) Individual and group counseling, therapy and testing.

(d) Duration.--Partial hospitalization shall be covered for 60 treatment units annually, each treatment unit consisting of a maximum of eight hours.

Section 8. Outpatient care.

(a) Treatment setting.--Outpatient care as a covered benefit under this act shall be provided either in a hospital or in a facility licensed by the Governor's Council on Drug and Alcohol Abuse to provide outpatient services. Before an insured may qualify to receive benefits under this section, the treatment facility must have at least 60% of its addiction counseling staff certified under procedures approved by the Governor's Council on Drug and Alcohol Abuse.

(b) Covered services.--The following services shall be covered under outpatient care:

- (1) Professional and trained staff services.
- (2) Individual and group therapy, counseling and testing.
- (3) Drugs and medicines.
- (4) Family therapy.
- (5) Laboratory tests.

(c) Duration.

(1) Outpatient care shall be covered for 90 visits in one year.

(2) No more than ten of such covered visits shall be for family therapy. The first five visits for family therapy shall be reimbursed with the same coinsurance or deductibles applicable to other coverage for illness or injury under the policy, contract or certificate. The second five visits for family therapy shall be reimbursed at a rate at least equal to 50% of reimbursement applicable to other illness or injury under the policy, contract or certificate.

(3) The number of allowable outpatient visits shall be reduced by the number of intermediate care visits in excess of 30 annually.

Section 9. Coinsurance and deductibles.

Except as provided in section 8(c)(2) coverage as required under this act shall not be subject to coinsurance or deductibles exceeding those governing all other coverage under the policy, contract, or certificate.

Section 10. Rules and regulations.

The Insurance Commissioner shall within six months of the final enactment of this act promulgate such rules and regulations as are deemed necessary for the effective implementation and operation of this act. Public hearings shall

1 be held prior to the promulgation of any such regulation, unless
2 such rule, regulation or amendment thereof is insubstantial.

3 Section 11. Preservation of certain benefits.

4 Nothing in this act shall serve to diminish the benefits of
5 any insured or subscriber effective on the act's effective date
6 nor prevent the offering or acceptance of benefits better than
7 required by this act.

8 Section 12. Repeal.

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

12 Section 13. Effective date and application.

13 This act shall take effect immediately and shall be
14 applicable one year thereafter to all insurance policies,
15 subscriber contracts or certificates and group insurance
16 certificates issued under any policy delivered or issued for
17 delivery or renewed. The Insurance Commissioner shall
18 immediately proceed to perform his duties under section 10.