

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1448 Session of 1991

INTRODUCED BY MICHLOVIC, DURHAM, MURPHY, DeWEESE, CAPPABIANCA, KOSINSKI, FAJT, BELFANTI, RITTER, BLAUM, KENNEY, GEIST, TIGUE, STEIGHNER, FLICK, FOX, MARKOSEK, JOHNSON, MELIO, PRESTON, THOMAS, COWELL, DALEY, VEON, JAMES, DeLUCA, HECKLER, E. Z. TAYLOR, PETRONE, TRELLO, KUKOVICH, BISHOP, JOSEPHS, McGEEHAN, NAHILL, BILLOW, BELARDI, PISTELLA, TANGRETTI, VAN HORNE, LEVDANSKY, KASUNIC AND ITKIN, MAY 15, 1991

AS REPORTED FROM COMMITTEE ON INSURANCE, HOUSE OF REPRESENTATIVES, AS AMENDED, MAY 29, 1991

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 for optional benefits for  
12 the treatment of mental disorders.

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 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 necessary therapeutic treatment options shall be  
7 available as an alternative to inpatient care ~~to the extent of~~ <—  
8 ~~the dollar and value of service limits of the coverage for THE~~ <—  
9 TREATMENT OF mental disorders in the health care benefit plan,  
10 ~~so as~~ to assure flexible AND effective treatment of mental <—  
11 disorders. ~~To the extent possible, a portion of inpatient~~ <—  
12 ~~benefits shall be preserved.~~ Where consistent with the  
13 therapeutic treatment plans, ~~less~~ PLAN, THE LEAST expensive <—  
14 therapeutic services shall be preferred UTILIZED. <—

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

18 "Health care benefit plan." Any health or sickness or  
19 accident insurance policy providing hospital or medical or  
20 surgical coverage and any subscriber contract or certificate  
21 issued by an entity which provides hospital or medical/surgical  
22 coverage which is subject to this act, to the act of December  
23 29, 1972 (P.L.1701, No.364), known as the "Health Maintenance  
24 Organization Act"; to the act of July 29, 1977 (P.L.105, No.38),  
25 known as the "Fraternal Benefit Society Code"; or to 40 Pa.C.S.  
26 Ch. 61 (relating to hospital plan corporations) or 63 (relating  
27 to professional health services plan corporations).

28 "Inpatient services." The provision of necessary therapeutic  
29 services twenty-four (24) hours a day in a treatment facility  
30 according to individualized treatment plans.

1       ~~"Mental disorder." A clinically significant behavioral or~~       <—  
2       ~~psychological syndrome or pattern occurring in a person which is~~       <—  
3       ~~associated with a painful symptom; which is associated with~~  
4       ~~impairment in an important area of functioning; which is~~  
5       ~~associated with a significantly increased risk of suffering~~  
6       ~~death, pain, disability or important loss of freedom; and which~~  
7       ~~is considered a manifestation of a behavioral, psychological or~~  
8       ~~biological dysfunction in the person. The term excludes a~~  
9       ~~psychological syndrome or pattern that is merely an expectable~~  
10       ~~response to a particular event; deviant behavior that is not a~~  
11       ~~symptom of a behavioral, psychological or biological~~  
12       ~~dysfunction; and a conflict between an individual and society~~  
13       ~~that is not a symptom of a behavioral, psychological or~~  
14       ~~biological dysfunction. Use of the term does not imply that~~  
15       ~~mental disorders are unrelated to physical or biological factors~~  
16       ~~or processes.~~, IDENTIFIED IN A SOURCE WHICH IS RECOGNIZED BY THE       <—  
17       MEDICAL PROFESSION FOR THE CODING OF MENTAL DISORDERS FOR  
18       DIAGNOSTIC PURPOSES, THAT OCCURS IN THE ABSENCE OF AN UNDERLYING  
19       MEDICAL CONDITION.

20       ~~"Optional benefits." Outpatient services, partial~~  
21       ~~hospitalization, inpatient services provided in other than~~  
22       ~~hospital settings and other types of services in lieu of~~  
23       ~~inpatient services covered under a health care benefit plan.~~

24       ~~"Outpatient services." A nonresidential NONRESIDENTIAL~~       <—  
25       ~~treatment modality which is provided on an ambulatory basis to~~       <—  
26       ~~patients with mental disorders and shall be construed to~~       <—  
27       ~~include, INCLUDING necessary therapeutic services carried out~~       <—  
28       ~~according to an individualized treatment plan.~~

29       ~~"Partial hospitalization services." The provision of~~       <—  
30       ~~necessary therapeutic services to patients according to an~~

1 THERAPEUTIC SERVICES PROVIDED UNDER AN individualized treatment <—  
2 plan. Partial hospitalization patients require FOR A PERIOD less <—  
3 than twenty-four (24) hours a day care, but more intensive and <—  
4 comprehensive services than are offered in outpatient care <—  
5 SERVICES. Partial hospitalization is provided on a planned and <—  
6 regularly scheduled basis for a minimum of three (3) hours but  
7 less than twenty-four (24) hours in any one day.

8 "Severe mental disorder." Acute, chronic or recurrent mental  
9 disorder. The term includes organic mental disorders,  
10 schizophrenic disorders, disorders known as bipolar disorders  
11 and recurrent major depression.

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

14 Section 603-B. Optional Benefits.--Any individual covered  
15 under a health care benefit plan providing for the treatment of  
16 mental disorders may elect optional benefits. Optional benefits  
17 shall not exceed the dollar value or value of service unit, <—  
18 whichever is applicable, limits VALUE of inpatient services <—  
19 provided for coverage of mental disorders under the health care  
20 benefit plan. Decisions concerning optional benefits management  
21 shall be considered when consistent with the therapeutic  
22 treatment plan. Use of alternative OPTIONAL benefits may not be <—  
23 required if they are inconsistent with the MEDICALLY NECESSARY <—  
24 therapeutic treatment plan.

25 Section 604-B. Administrative Costs.--All REASONABLE costs <—  
26 associated with the implementation of this article, including  
27 the costs of review and appeal, shall MAY be recovered through <—  
28 premiums.

29 Section 605-B. Lifetime Maximum Benefits.--An individual  
30 electing optional benefits for the treatment of severe mental

1 disorders under section 603-B shall be eligible for renewability <—  
2 RENEWAL of lifetime limits imposed by the health care benefit <—  
3 plan for the treatment of mental disorders in the same manner in  
4 which benefit limitations are renewed for medical disorders  
5 other than mental disorders. <—

6 Section 606-B. Eligibility to Receive Reimbursement.--An  
7 individual eligible to receive reimbursement for services  
8 provided during treatment of mental disorders is limited to:

9 (1) Treatment facilities licensed by the Department of  
10 Health or the Department of Public Welfare.

11 (2) Licensed health care professionals who are currently  
12 eligible to receive reimbursement.

13 Section 607-B. Regulations.--The Insurance Commissioner may  
14 promulgate regulations reasonably necessary to carry out the  
15 purposes of this article.

16 Section 608-B. Preservation of Certain Benefits.--Nothing in  
17 this article shall prevent a health care benefit plan from  
18 offering optional benefits for conditions other than mental  
19 disorders, including behavioral and psychological conditions  
20 which are not attributable to a mental disorder but which may  
21 appropriately be the focus of professional attention or  
22 treatment. Nothing in this article shall prevent a health care  
23 benefit plan from offering benefits under its health care  
24 benefit plan for conditions which have a demonstrable organic  
25 origin.

26 Section 609-B. Conduct of Managed Care Review Process and  
27 Administration of Optional Benefits.--A health care benefit plan  
28 must be submitted, ITS SUBSIDIARIES AND ITS SUBCONTRACTORS MUST <—  
29 SUBMIT A PLAN FOR OPTIONAL BENEFITS MANAGEMENT to the Insurance  
30 Commissioner for approval of the criteria to be applied by the <—

1 ~~plan or its subsidiaries or subcontractors prior to granting~~  
2 ~~authorization for the use of optional benefits. Review criteria~~  
3 ~~PRIOR TO USE. THE PLAN must contain a description of the process~~ ←  
4 ~~for application and consideration of the optional benefits, as~~  
5 ~~well as the rights of the subscribers, dependent beneficiaries~~  
6 ~~and practitioners to appeal denial of benefits decisions. The~~  
7 ~~plan must identify participants in the review process, establish~~  
8 ~~time frames for implementation of the application and appeal~~  
9 ~~process and provide safeguards to prevent inappropriate release~~  
10 ~~of confidential information provided by the practitioner with~~  
11 ~~the written informed consent of the beneficiary and patient.~~

12 Section 2. The addition of Article VI-B of this act shall  
13 apply to insurance policies issued or renewed on or after the  
14 effective date of this act.

15 Section 3. This act shall take effect in 120 days.