

AMENDED IN SENATE MAY 26, 2000

AMENDED IN SENATE MAY 9, 2000

AMENDED IN SENATE MAY 3, 2000

AMENDED IN SENATE APRIL 10, 2000

SENATE BILL

No. 1764

Introduced by Senator Chesbro
(Coauthors: Senators Bowen, Escutia, Murray, Ortiz, and
Solis)
(Coauthor: Assembly Member Aroner)

February 23, 2000

~~An act to amend Section 1367.2 of the Health and Safety Code, and to amend Section 10123.6 of the Insurance Code, relating to health care. An act relating to health care.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 1764, as amended, Chesbro. Health care: alcohol and other drug abuse: ~~coverage.~~

Existing law requires health care service plans regulated under the Knox-Keene Health Care Service Plan Act of 1975 and specified disability insurers to provide for the treatment of alcoholism under terms and conditions as may be agreed upon. Existing law makes a violation of the Knox-Keene Health Care Service Plan Act of 1975 a crime.

~~This bill would require on and after January 1, 2001, that health care service plan contracts and disability insurance policies provide coverage for the treatment of alcohol and other drug abuse or dependency, as specified. By establishing~~

~~a new requirement under the Knox-Keene Health Care Service Plan Act of 1975, a violation of which would be a crime; this bill would create a new crime and thus would impose a state-mandated local program.~~

~~This bill would also require the Legislative Analyst to review existing data relating to the cost effectiveness of substance abuse treatment parity in health care service plans and disability insurance policies and to report to the Legislature its findings in this regard as well as other information, as specified, pertaining to substance abuse treatment services offered by health care service plans and disability insurance policies. *This bill would also require the Legislative Analyst to review information on private resources and organizations statewide that provide alcohol and drug treatment services and to report its findings to the Legislature.*~~

~~The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.~~

~~This bill would provide that no reimbursement is required by this act for a specified reason.~~

~~Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: *yes no.*~~

The people of the State of California do enact as follows:

1 ~~SECTION 1. Section 1367.2 of the Health and Safety~~
 2 ~~Code is amended to read:~~
 3 ~~1367.2. (a) On and after January 1, 2001, every health~~
 4 ~~care service plan that covers hospital, medical, or surgical~~
 5 ~~expenses on a group basis shall provide coverage for the~~
 6 ~~treatment of alcohol and other drug abuse. Every plan~~
 7 ~~shall communicate the availability of this coverage to all~~
 8 ~~group subscribers and to all prospective group~~
 9 ~~subscribers with whom they are negotiating.~~
 10 ~~(b) The following definitions are applicable to this~~
 11 ~~section:~~
 12 ~~(1) "Alcohol and other drug abuse" means any use of~~
 13 ~~alcohol or other drugs, or both, that produces a pattern of~~



1 ~~pathological use causing impairment in social or~~
2 ~~occupational functioning or that produces physiological~~
3 ~~dependency evidenced by physical tolerance or~~
4 ~~withdrawal.~~

5 ~~(2) “Drugs” means addictive substances and~~
6 ~~substances of abuse scheduled in the California Uniform~~
7 ~~Controlled Substances Act.~~

8 ~~(3) “Detoxification” means the process whereby an~~
9 ~~alcohol intoxicated or drug intoxicated or~~
10 ~~alcohol dependent or drug dependent person is assisted,~~
11 ~~in a facility licensed by the state through a period of time~~
12 ~~to eliminate, by metabolic or other means, the~~
13 ~~intoxicating alcohol or other drugs, alcohol and other~~
14 ~~drug dependency factors or alcohol in combination with~~
15 ~~drugs as determined by a licensed physician, while~~
16 ~~keeping the physiological risk to the patient at a~~
17 ~~minimum.~~

18 ~~(4) “Hospital” means a facility licensed as a hospital by~~
19 ~~the state or operated by the state, and conducting an~~
20 ~~alcoholism and other drug addiction treatment program~~
21 ~~licensed by the state.~~

22 ~~(5) “Inpatient care” means the provision of medical,~~
23 ~~nursing, counseling, or therapeutic services 24 hours a~~
24 ~~day in a hospital or nonhospital facility, according to~~
25 ~~individualized treatment plans.~~

26 ~~(6) “Nonhospital facility” means a facility, licensed by~~
27 ~~the state for the care or treatment of alcohol or other drug~~
28 ~~abusing and addicted persons, except for transitional~~
29 ~~living facilities.~~

30 ~~(7) “Nonhospital residential care” means the~~
31 ~~provision of medical, nursing, counseling, or therapeutic~~
32 ~~services to patients suffering from alcohol and other drug~~
33 ~~abuse dependency in a short term or long term~~
34 ~~residential environment, according to individualized~~
35 ~~treatment plans.~~

36 ~~(8) “Outpatient care” means the provision of medical,~~
37 ~~nursing, counseling, or therapeutic services in a hospital~~
38 ~~or nonhospital facility on a regular and predetermined~~
39 ~~schedule, according to individualized treatment plans.~~



1 (9) ~~“Partial hospitalization or intensive outpatient~~
2 ~~care” means the provision of medical, nursing,~~
3 ~~counseling, or therapeutic services on a planned and~~
4 ~~regularly scheduled basis in a hospital or nonhospital~~
5 ~~facility or intensive outpatient program licensed as an~~
6 ~~alcoholism and other drug addiction treatment program~~
7 ~~by the state, designed for a patient or client who would~~
8 ~~benefit from more intensive care than is offered in~~
9 ~~outpatient treatment but who does not require inpatient~~
10 ~~care.~~

11 (e) ~~Treatment pursuant to this section shall include all~~
12 ~~of the following:~~

13 ~~=====~~
14 (d) ~~The treatment for alcohol and other drug abuse~~
15 ~~may take place in facilities licensed to provide alcoholism~~
16 ~~or chemical dependency services under Chapter 2~~
17 ~~(commencing with Section 1250) of Division 2. If the~~
18 ~~group subscriber or policyholder agrees to coverage for~~
19 ~~treatment of nicotine use, the treatment may take place~~
20 ~~in facilities licensed to provide alcoholism or chemical~~
21 ~~dependency services under Chapter 2 (commencing~~
22 ~~with Section 1250) of Division 2.~~

23 (e) ~~No health care service plan shall refuse to cover, or~~
24 ~~refuse to continue to cover, or limit the amount, extent,~~
25 ~~or kind of coverage available to an individual, or charge~~
26 ~~a different rate for the same coverage solely because of~~
27 ~~alcohol or other drug abuse. Coverage for alcohol and~~
28 ~~other drug abuse pursuant to this section shall be subject~~
29 ~~to all other terms and conditions of the plan that apply~~
30 ~~generally to other benefits.~~

31 (f) ~~This section shall not apply to Medicare~~
32 ~~supplemental contracts or to contracts entered into~~
33 ~~pursuant to Chapter 7 (commencing with Section 14000)~~
34 ~~or Chapter 8 (commencing with Section 14200) of~~
35 ~~Division 9 of Part 3 of the Welfare and Institutions Code,~~
36 ~~between the State Department of Health Services and a~~
37 ~~health care service plan for enrolled Medi-Cal~~
38 ~~beneficiaries.~~

39 (g) ~~No person covered under a health care service~~
40 ~~plan shall be denied coverage provided for in this section~~



1 because of the identification of alcohol or other drug
2 abuse that occurs as a result of contact with the criminal
3 justice or legal system.

4 SEC. 2. Section 10123.6 of the Insurance Code is
5 amended to read:

6 10123.6. (a) On and after January 1, 2001, every
7 insurer issuing group disability insurance that covers
8 hospital, medical, or surgical expenses shall provide
9 coverage for the treatment of alcohol and other drug
10 abuse. Every insurer shall communicate the availability
11 of the coverage to all group policyholders and to all
12 prospective group policyholders with whom they are
13 negotiating.

14 (b) The following definitions are applicable to this
15 section:

16 (1) "Alcohol and other drug abuse" means any use of
17 alcohol or other drugs, or both, that produces a pattern of
18 pathological use causing impairment in social or
19 occupational functioning or that produces physiological
20 dependency evidenced by physical tolerance or
21 withdrawal.

22 (2) "Drugs" means addictive substances and
23 substances of abuse scheduled in the California Uniform
24 Controlled Substances Act.

25 (3) "Detoxification" means the process whereby an
26 alcohol-intoxicated or drug-intoxicated or
27 alcohol-dependent or drug-dependent person is assisted,
28 in a facility licensed by the state through a period of time
29 to eliminate, by metabolic or other means, the
30 intoxicating alcohol or other drugs, alcohol and other
31 drug dependency factors or alcohol in combination with
32 drugs as determined by a licensed physician, while
33 keeping the physiological risk to the patient at a
34 minimum.

35 (4) "Hospital" means a facility licensed as a hospital by
36 the state or operated by the state, and conducting an
37 alcoholism and other drug addiction treatment program
38 licensed by the state.

39 (5) "Inpatient care" means the provision of medical,
40 nursing, counseling, or therapeutic services 24 hours a



1 day in a hospital or nonhospital facility, according to
2 individualized treatment plans.

3 (6) “Nonhospital facility” means a facility, licensed by
4 the state for the care or treatment of alcohol or other drug
5 abusing and addicted persons, except for transitional
6 living facilities.

7 (7) “Nonhospital residential care” means the
8 provision of medical, nursing, counseling, or therapeutic
9 services to patients suffering from alcohol and other drug
10 abuse dependency in a short-term or long-term
11 residential environment, according to individualized
12 treatment plans.

13 (8) “Outpatient care” means the provision of medical,
14 nursing, counseling, or therapeutic services in a hospital
15 or nonhospital facility on a regular and predetermined
16 schedule, according to individualized treatment plans.

17 (9) “Partial hospitalization or intensive outpatient
18 care” means the provision of medical, nursing,
19 counseling, or therapeutic services on a planned and
20 regularly scheduled basis in a hospital or nonhospital
21 facility or intensive outpatient program licensed as an
22 alcoholism and other drug addiction treatment program
23 by the state, designed for a patient or client who would
24 benefit from more intensive care than is offered in
25 outpatient treatment but who does not require inpatient
26 care.

27 (e) Treatment pursuant to this section shall include all
28 of the following:

29 _____
30 (d) The treatment for alcohol and other drug abuse
31 may take place in facilities licensed to provide alcoholism
32 or chemical dependency services under Chapter 2
33 (commencing with Section 1250) of Division 2 of the
34 Health and Safety Code. If the group subscriber or
35 policyholder agrees to coverage for the treatment of
36 nicotine use, the treatment may take place in facilities
37 licensed to provide alcoholism or chemical dependency
38 services under Chapter 2 (commencing with Section
39 1250) of Division 2.



1 ~~(e) (1) No insurer that issues a policy or certificate of~~
2 ~~disability insurance covered by this section shall refuse to~~
3 ~~cover, or refuse to continue to cover, or limit the amount,~~
4 ~~extent, or kind of coverage available to an insured, or~~
5 ~~charge a different rate for the same coverage solely~~
6 ~~because of alcohol or other drug abuse. Coverage for~~
7 ~~alcohol and other drug abuse pursuant to this section shall~~
8 ~~be subject to all other terms and conditions of the policy~~
9 ~~or certificate that apply generally to other benefits.~~

10 ~~(2) Treatment for nicotine use may be subject to~~
11 ~~separate deductibles, copayments, and overall cost~~
12 ~~limitations as determined by the policy or certificate.~~

13 ~~(f) This section shall not apply to Medicare~~
14 ~~supplemental contracts or to contracts entered into~~
15 ~~pursuant to Chapter 7 (commencing with Section 14000)~~
16 ~~or Chapter 8 (commencing with Section 14200) of~~
17 ~~Division 9 of Part 3 of the Welfare and Institutions Code,~~
18 ~~between the State Department of Health Services and a~~
19 ~~health care service plan for enrolled Medi-Cal~~
20 ~~beneficiaries.~~

21 ~~(g) No person covered under a policy or certificate~~
22 ~~subject to this section shall be denied coverage provided~~
23 ~~for in this section because of the identification of alcohol~~
24 ~~or other drug abuse that occurs as a result of contact with~~
25 ~~the criminal justice or legal system.~~

26 ~~SEC. 3.~~

27 *SECTION 1.* The Legislative Analyst shall review
28 existing data and research relating to the cost
29 effectiveness of substance abuse treatment parity in
30 health care service plans and disability insurance policies
31 and shall report its findings to the Legislature. The
32 Legislative Analyst shall also review existing research and
33 survey a sample of health care service plans in order to
34 report to the Legislature on the range and utilization of
35 substance abuse treatment services offered by health
36 care service plans and disability insurance policies in
37 California and the impact on the costs of these services to
38 the employer or employee. *The Legislative Analyst shall*
39 *also review existing information on private resources*
40 *available statewide that provide alcohol and drug*



1 *treatment services, survey and catalogue organizations*
2 *statewide that provide alcohol and drug treatment,*
3 *including community-based and faith-based*
4 *organizations, and the number of clients served by these*
5 *organizations, and report its findings to the Legislature.*

6 ~~SEC. 4. No reimbursement is required by this act~~
7 ~~pursuant to Section 6 of Article XIII B of the California~~
8 ~~Constitution because the only costs that may be incurred~~
9 ~~by a local agency or school district will be incurred~~
10 ~~because this act creates a new crime or infraction,~~
11 ~~eliminates a crime or infraction, or changes the penalty~~
12 ~~for a crime or infraction, within the meaning of Section~~
13 ~~17556 of the Government Code, or changes the definition~~
14 ~~of a crime within the meaning of Section 6 of Article~~
15 ~~XIII B of the California Constitution.~~

