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Referred: Health, Education and Social  
Services and Finance

5-0356A

1 IN THE SENATE BY FAIKS AND KERTTULA

2 SENATE BILL NO. 67

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to insurance coverage for the treat-  
7 ment of a mental or nervous condition."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 \* Section 1. AS 21.42 is amended by adding a new section to read:

10 Sec. 21.42.365. COVERAGE FOR TREATMENT OF A MENTAL OR NERVOUS  
11 CONDITION. (a) An insurer authorized under AS 21.09 to offer, issue  
12 for delivery, deliver, or renew a disability insurance policy for  
13 major medical coverage on an expense-incurred basis in the state, or a  
14 hospital or medical service corporation authorized under AS 21.87 to  
15 offer or renew a subscriber's contract for major medical coverage in  
16 the state, shall offer the insured or subscriber an option to receive  
17 the following coverage for treatment of a mental or nervous condition  
18 of the insured, subscriber, or other person covered by the policy or  
19 contract:

20 (1) 45 days a year of inpatient treatment for each covered  
21 individual;

22 (2) a total of 50 hours a year of outpatient treatment or  
23 office visits for each covered individual, accumulated in any incre-  
24 ments of time.

25 (b) The insurer or service corporation offering coverage under  
26 this section may impose reasonable contract limitations, but may not  
27 require that the insured or subscriber pay a higher deductible or  
28 co-payment for the cost of treating a mental or nervous condition than  
29 for the cost of treating another condition or illness.

1 (c) If an insured or a subscriber declines the coverage offered  
2 under this section, the insurer or service corporation may offer the  
3 insured or subscriber other coverage for treating a mental or nervous  
4 condition.

5 (d) In this section

6 (1) "co-payment" means the portion of the cost to be paid  
7 by the insured or subscriber;

8 (2) "cost" means the lesser of the following:

9 (A) the actual charge for the treatment received for a  
10 mental or nervous condition; or

11 (B) the usual, customary and reasonable charge for the  
12 treatment;

13 (3) "inpatient treatment" means continuous treatment during  
14 a 24-hour period in

15 (A) the psychiatric unit of a general hospital that is  
16 either licensed under AS 18.20 or located and licensed in another  
17 state;

18 (B) a psychiatric hospital that is either licensed  
19 under AS 18.20 or located and licensed in another state; or

20 (C) a hospital that is located in

21 (i) the state and specifically exempt under  
22 AS 18.20.020 from the licensing requirements of the state;

23 or

24 (ii) another state and specifically exempt from  
25 the licensing requirements of that state;

26 (4) "major medical coverage" means a disability insurance  
27 contract, or a subscriber contract, that provides benefits for hospi-  
28 tal and medical care with potential lifetime maximum benefits for the  
29 insured or subscriber of at least \$10,000;

1 (5) "mental or nervous condition" means a mental disorder  
2 identified in  
3 (A) the Diagnostic and Statistical Manual of Mental  
4 Disorders (Third Edition) published by the American Psychiatric  
5 Association; or  
6 (B) the ICD-9-CM (First Edition) published by the  
7 Commission on Professional and Hospital Activities;  
8 (6) "office visit" means treatment that is not inpatient  
9 treatment or outpatient treatment and that is provided by  
10 (A) a psychiatrist who is licensed as a physician in  
11 the state and certified, or eligible for certification, in psy-  
12 chiatry by the American Board of Psychiatry and Neurology;  
13 (B) a physician who is employed by the federal govern-  
14 ment in the state and certified or eligible for certification in  
15 psychiatry by the American Board of Psychiatry and Neurology; or  
16 (C) a psychologist or psychological associate licensed  
17 under AS 08.86;  
18 (7) "outpatient treatment" means treatment that is not  
19 inpatient treatment and that is provided  
20 (A) in the outpatient department of  
21 (i) a hospital that is licensed under AS 18.20 or  
22 that is specifically exempt under AS 18.20.020 from the  
23 licensing requirements of the state;  
24 (ii) a hospital that is located in another state  
25 and that is either licensed or specifically exempt from the  
26 licensing requirements of that state; or  
27 (iii) an entity that is designated by the Depart-  
28 ment of Health and Social Services as the organizational  
29 unit in a geographical area to receive funds under

1 AS 47.30.520 - 47.30.620; and

2 (B) by one or more of the following, or by a person  
3 who is under the direct supervision of one or more of the follow-  
4 ing, has a master's or doctorate degree in psychology, nursing,  
5 or social work, and is employed by the same health care facility  
6 as the person or persons providing the direct supervision,

7 (i) a psychiatrist who is licensed as a physician  
8 in the state and certified, or eligible for certification,  
9 in psychiatry by the American Board of Psychiatry and Neu-  
10 rology;

11 (ii) a physician who is employed by the federal  
12 government in the state and certified or eligible for certi-  
13 fication in psychiatry by the American Board of Psychiatry  
14 and Neurology; or

15 (iii) a psychologist licensed under AS 08.86.

16 \* Sec. 2. AS 21.36.090(d) is amended to read:

17 (d) Except to the extent necessary to comply with AS 21.42.365,  
18 a [A] person may not practice or permit unfair discrimination against  
19 a person who provides a service covered under a group disability  
20 policy that extends coverage on an expense incurred basis, or under a  
21 group service or indemnity type contract issued by a nonprofit corpo-  
22 ration, if the service is within the scope of the provider's occupa-  
23 tional license. In this subsection, "provider" means a state licensed  
24 physician, dentist, osteopath, optometrist, chiropractor, or nurse  
25 midwife.

26 \* Sec. 3. AS 21.87.340 is amended to read:

27 Sec. 21.87.340. OTHER PROVISIONS APPLICABLE. In addition to the  
28 provisions contained or referred to previously in this chapter, the  
29 following chapters and provisions of this title also apply with

1        respect to service corporations to the extent applicable and not in  
2        conflict with the express provisions of this chapter and the reason-  
3        able implications of the express provisions, and for the purposes of  
4        the application the corporations shall be considered to be mutual  
5        "insurers":

- 6                (1) AS 21.03
- 7                (2) AS 21.06
- 8                (3) AS 21.09, except AS 21.09.090
- 9                (4) AS 21.18.010
- 10               (5) AS 21.18.030
- 11               (6) AS 21.18.040
- 12               (7) AS 21.18.120
- 13               (8) AS 21.21.321
- 14               (9) AS 21.36
- 15               (10) AS 21.69.400
- 16               (11) AS 21.69.520
- 17               (12) AS 21.69.600, 21.69.620, and 21.69.630
- 18               (13) AS 21.78
- 19               (14) AS 21.90
- 20               (15) AS 21.42.345 - 21.42.365 [AS 21.42.345 AND 21.42.355]
- 21               (16) AS 21.89.040
- 22               (17) AS 21.89.060.

23        \* Sec. 4. AS 21.42.365, enacted by sec. 1 of this Act, applies to  
24        disability insurance policies and to hospital or medical service subscriber  
25        contracts entered into or renewed after January 1, 1988.