

CERTIFICATION OF ENROLLMENT

**SUBSTITUTE HOUSE BILL 1154**

Chapter 6, Laws of 2005

59th Legislature  
2005 Regular Session

MENTAL HEALTH

EFFECTIVE DATE: 7/24/05

Passed by the House January 28, 2005  
Yeas 67 Nays 25

FRANK CHOPP

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**Speaker of the House of Representatives**

Passed by the Senate March 3, 2005  
Yeas 40 Nays 9

BRAD OWEN

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**President of the Senate**

Approved March 9, 2005.

CHRISTINE GREGOIRE

\_\_\_\_\_  
**Governor of the State of Washington**

CERTIFICATE

I, Richard Nafziger, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 1154** as passed by the House of Representatives and the Senate on the dates hereon set forth.

RICHARD NAFZIGER

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**Chief Clerk**

FILED

March 9, 2005 - 3:49 p.m.

**Secretary of State  
State of Washington**

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**SUBSTITUTE HOUSE BILL 1154**

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Passed Legislature - 2005 Regular Session

**State of Washington**

**59th Legislature**

**2005 Regular Session**

**By** House Committee on Financial Institutions & Insurance (originally sponsored by Representatives Schual-Berke, Campbell, Kirby, Jarrett, Green, Kessler, Simpson, Clibborn, Hasegawa, Appleton, Moeller, Kagi, Ormsby, Chase, McCoy, Kilmer, Williams, O'Brien, P. Sullivan, Tom, Morrell, Fromhold, Dunshee, Lantz, McIntire, Sells, Murray, Kenney, Haigh, Darneille, McDermott, Dickerson, Santos and Linville)

READ FIRST TIME 01/24/05.

1        AN ACT Relating to mental health parity; amending RCW 48.21.240,  
2 48.44.340, and 48.46.290; adding new sections to chapter 41.05 RCW;  
3 adding a new section to chapter 48.21 RCW; adding a new section to  
4 chapter 48.44 RCW; adding a new section to chapter 48.46 RCW; adding  
5 new sections to chapter 70.47 RCW; adding a new section to chapter  
6 48.02 RCW; and creating a new section.

7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

8        NEW SECTION.    **Sec. 1.** The legislature finds that the costs of  
9 leaving mental disorders untreated or undertreated are significant, and  
10 often include:    Decreased job productivity, loss of employment,  
11 increased disability costs, deteriorating school performance, increased  
12 use of other health services, treatment delays leading to more costly  
13 treatments, suicide, family breakdown and impoverishment, and  
14 institutionalization, whether in hospitals, juvenile detention, jails,  
15 or prisons.

16        Treatable mental disorders are prevalent and often have a high  
17 impact on health and productive life. The legislature finds that the  
18 potential benefits of improved access to mental health services are

1 significant. Additionally, the legislature declares that it is not  
2 cost-effective to treat persons with mental disorders differently than  
3 persons with medical and surgical disorders.

4 Therefore, the legislature intends to require that insurance  
5 coverage be at parity for mental health services, which means this  
6 coverage be delivered under the same terms and conditions as medical  
7 and surgical services.

8 NEW SECTION. **Sec. 2.** A new section is added to chapter 41.05 RCW  
9 to read as follows:

10 (1) For the purposes of this section, "mental health services"  
11 means medically necessary outpatient and inpatient services provided to  
12 treat mental disorders covered by the diagnostic categories listed in  
13 the most current version of the diagnostic and statistical manual of  
14 mental disorders, published by the American psychiatric association, on  
15 the effective date of this section, or such subsequent date as may be  
16 provided by the administrator by rule, consistent with the purposes of  
17 this act, with the exception of the following categories, codes, and  
18 services: (a) Substance related disorders; (b) life transition  
19 problems, currently referred to as "V" codes, and diagnostic codes 302  
20 through 302.9 as found in the diagnostic and statistical manual of  
21 mental disorders, 4th edition, published by the American psychiatric  
22 association; (c) skilled nursing facility services, home health care,  
23 residential treatment, and custodial care; and (d) court ordered  
24 treatment unless the authority's or contracted insuring entity's  
25 medical director determines the treatment to be medically necessary.

26 (2) All health benefit plans offered to public employees and their  
27 covered dependents under this chapter that provide coverage for medical  
28 and surgical services shall provide:

29 (a) For all health benefit plans established or renewed on or after  
30 January 1, 2006, coverage for:

31 (i) Mental health services. The copayment or coinsurance for  
32 mental health services may be no more than the copayment or coinsurance  
33 for medical and surgical services otherwise provided under the health  
34 benefit plan. Wellness and preventive services that are provided or  
35 reimbursed at a lesser copayment, coinsurance, or other cost sharing  
36 than other medical and surgical services are excluded from this  
37 comparison; and

1 (ii) Prescription drugs intended to treat any of the disorders  
2 covered in subsection (1) of this section to the same extent, and under  
3 the same terms and conditions, as other prescription drugs covered by  
4 the health benefit plan.

5 (b) For all health benefit plans established or renewed on or after  
6 January 1, 2008, coverage for:

7 (i) Mental health services. The copayment or coinsurance for  
8 mental health services may be no more than the copayment or coinsurance  
9 for medical and surgical services otherwise provided under the health  
10 benefit plan. Wellness and preventive services that are provided or  
11 reimbursed at a lesser copayment, coinsurance, or other cost sharing  
12 than other medical and surgical services are excluded from this  
13 comparison. If the health benefit plan imposes a maximum out-of-pocket  
14 limit or stop loss, it shall be a single limit or stop loss for  
15 medical, surgical, and mental health services; and

16 (ii) Prescription drugs intended to treat any of the disorders  
17 covered in subsection (1) of this section to the same extent, and under  
18 the same terms and conditions, as other prescription drugs covered by  
19 the health benefit plan.

20 (c) For all health benefit plans established or renewed on or after  
21 July 1, 2010, coverage for:

22 (i) Mental health services. The copayment or coinsurance for  
23 mental health services may be no more than the copayment or coinsurance  
24 for medical and surgical services otherwise provided under the health  
25 benefit plan. Wellness and preventive services that are provided or  
26 reimbursed at a lesser copayment, coinsurance, or other cost sharing  
27 than other medical and surgical services are excluded from this  
28 comparison. If the health benefit plan imposes a maximum out-of-pocket  
29 limit or stop loss, it shall be a single limit or stop loss for  
30 medical, surgical, and mental health services. If the health benefit  
31 plan imposes any deductible, mental health services shall be included  
32 with medical and surgical services for the purpose of meeting the  
33 deductible requirement. Treatment limitations or any other financial  
34 requirements on coverage for mental health services are only allowed if  
35 the same limitations or requirements are imposed on coverage for  
36 medical and surgical services; and

37 (ii) Prescription drugs intended to treat any of the disorders

1 covered in subsection (1) of this section to the same extent, and under  
2 the same terms and conditions, as other prescription drugs covered by  
3 the health benefit plan.

4 (3) In meeting the requirements of subsection (2)(a) and (b) of  
5 this section, health benefit plans may not reduce the number of mental  
6 health outpatient visits or mental health inpatient days below the  
7 level in effect on July 1, 2002.

8 (4) This section does not prohibit a requirement that mental health  
9 services be medically necessary as determined by the medical director  
10 or designee, if a comparable requirement is applicable to medical and  
11 surgical services.

12 (5) Nothing in this section shall be construed to prevent the  
13 management of mental health services.

14 (6) The administrator will consider care management techniques for  
15 mental health services, including but not limited to: (a) Authorized  
16 treatment plans; (b) preauthorization requirements based on the type of  
17 service; (c) concurrent and retrospective utilization review; (d)  
18 utilization management practices; (e) discharge coordination and  
19 planning; and (f) contracting with and using a network of participating  
20 providers.

21 NEW SECTION. **Sec. 3.** A new section is added to chapter 48.21 RCW  
22 to read as follows:

23 (1) For the purposes of this section, "mental health services"  
24 means medically necessary outpatient and inpatient services provided to  
25 treat mental disorders covered by the diagnostic categories listed in  
26 the most current version of the diagnostic and statistical manual of  
27 mental disorders, published by the American psychiatric association, on  
28 the effective date of this section, or such subsequent date as may be  
29 provided by the insurance commissioner by rule, consistent with the  
30 purposes of this act, with the exception of the following categories,  
31 codes, and services: (a) Substance related disorders; (b) life  
32 transition problems, currently referred to as "V" codes, and diagnostic  
33 codes 302 through 302.9 as found in the diagnostic and statistical  
34 manual of mental disorders, 4th edition, published by the American  
35 psychiatric association; (c) skilled nursing facility services, home  
36 health care, residential treatment, and custodial care; and (d) court

1 ordered treatment unless the insurer's medical director or designee  
2 determines the treatment to be medically necessary.

3 (2) All group disability insurance contracts and blanket disability  
4 insurance contracts providing health benefit plans that provide  
5 coverage for medical and surgical services shall provide:

6 (a) For all health benefit plans established or renewed on or after  
7 January 1, 2006, for groups of more than fifty employees coverage for:

8 (i) Mental health services. The copayment or coinsurance for  
9 mental health services may be no more than the copayment or coinsurance  
10 for medical and surgical services otherwise provided under the health  
11 benefit plan. Wellness and preventive services that are provided or  
12 reimbursed at a lesser copayment, coinsurance, or other cost sharing  
13 than other medical and surgical services are excluded from this  
14 comparison; and

15 (ii) Prescription drugs intended to treat any of the disorders  
16 covered in subsection (1) of this section to the same extent, and under  
17 the same terms and conditions, as other prescription drugs covered by  
18 the health benefit plan.

19 (b) For all health benefit plans established or renewed on or after  
20 January 1, 2008, for groups of more than fifty employees coverage for:

21 (i) Mental health services. The copayment or coinsurance for  
22 mental health services may be no more than the copayment or coinsurance  
23 for medical and surgical services otherwise provided under the health  
24 benefit plan. Wellness and preventive services that are provided or  
25 reimbursed at a lesser copayment, coinsurance, or other cost sharing  
26 than other medical and surgical services are excluded from this  
27 comparison. If the health benefit plan imposes a maximum out-of-pocket  
28 limit or stop loss, it shall be a single limit or stop loss for  
29 medical, surgical, and mental health services; and

30 (ii) Prescription drugs intended to treat any of the disorders  
31 covered in subsection (1) of this section to the same extent, and under  
32 the same terms and conditions, as other prescription drugs covered by  
33 the health benefit plan.

34 (c) For all health benefit plans established or renewed on or after  
35 July 1, 2010, for groups of more than fifty employees coverage for:

36 (i) Mental health services. The copayment or coinsurance for  
37 mental health services may be no more than the copayment or coinsurance  
38 for medical and surgical services otherwise provided under the health

1 benefit plan. Wellness and preventive services that are provided or  
2 reimbursed at a lesser copayment, coinsurance, or other cost sharing  
3 than other medical and surgical services are excluded from this  
4 comparison. If the health benefit plan imposes a maximum out-of-pocket  
5 limit or stop loss, it shall be a single limit or stop loss for  
6 medical, surgical, and mental health services. If the health benefit  
7 plan imposes any deductible, mental health services shall be included  
8 with medical and surgical services for the purpose of meeting the  
9 deductible requirement. Treatment limitations or any other financial  
10 requirements on coverage for mental health services are only allowed if  
11 the same limitations or requirements are imposed on coverage for  
12 medical and surgical services; and

13 (ii) Prescription drugs intended to treat any of the disorders  
14 covered in subsection (1) of this section to the same extent, and under  
15 the same terms and conditions, as other prescription drugs covered by  
16 the health benefit plan.

17 (3) In meeting the requirements of subsection (2)(a) and (b) of  
18 this section, health benefit plans may not reduce the number of mental  
19 health outpatient visits or mental health inpatient days below the  
20 level in effect on July 1, 2002.

21 (4) This section does not prohibit a requirement that mental health  
22 services be medically necessary as determined by the medical director  
23 or designee, if a comparable requirement is applicable to medical and  
24 surgical services.

25 (5) Nothing in this section shall be construed to prevent the  
26 management of mental health services.

27 NEW SECTION. **Sec. 4.** A new section is added to chapter 48.44 RCW  
28 to read as follows:

29 (1) For the purposes of this section, "mental health services"  
30 means medically necessary outpatient and inpatient services provided to  
31 treat mental disorders covered by the diagnostic categories listed in  
32 the most current version of the diagnostic and statistical manual of  
33 mental disorders, published by the American psychiatric association, on  
34 the effective date of this section, or such subsequent date as may be  
35 provided by the insurance commissioner by rule, consistent with the  
36 purposes of this act, with the exception of the following categories,  
37 codes, and services: (a) Substance related disorders; (b) life

1 transition problems, currently referred to as "V" codes, and diagnostic  
2 codes 302 through 302.9 as found in the diagnostic and statistical  
3 manual of mental disorders, 4th edition, published by the American  
4 psychiatric association; (c) skilled nursing facility services, home  
5 health care, residential treatment, and custodial care; and (d) court  
6 ordered treatment unless the health care service contractor's medical  
7 director or designee determines the treatment to be medically  
8 necessary.

9 (2) All health service contracts providing health benefit plans  
10 that provide coverage for medical and surgical services shall provide:

11 (a) For all health benefit plans established or renewed on or after  
12 January 1, 2006, for groups of more than fifty employees coverage for:

13 (i) Mental health services. The copayment or coinsurance for  
14 mental health services may be no more than the copayment or coinsurance  
15 for medical and surgical services otherwise provided under the health  
16 benefit plan. Wellness and preventive services that are provided or  
17 reimbursed at a lesser copayment, coinsurance, or other cost sharing  
18 than other medical and surgical services are excluded from this  
19 comparison; and

20 (ii) Prescription drugs intended to treat any of the disorders  
21 covered in subsection (1) of this section to the same extent, and under  
22 the same terms and conditions, as other prescription drugs covered by  
23 the health benefit plan.

24 (b) For all health benefit plans established or renewed on or after  
25 January 1, 2008, for groups of more than fifty employees coverage for:

26 (i) Mental health services. The copayment or coinsurance for  
27 mental health services may be no more than the copayment or coinsurance  
28 for medical and surgical services otherwise provided under the health  
29 benefit plan. Wellness and preventive services that are provided or  
30 reimbursed at a lesser copayment, coinsurance, or other cost sharing  
31 than other medical and surgical services are excluded from this  
32 comparison. If the health benefit plan imposes a maximum out-of-pocket  
33 limit or stop loss, it shall be a single limit or stop loss for  
34 medical, surgical, and mental health services; and

35 (ii) Prescription drugs intended to treat any of the disorders  
36 covered in subsection (1) of this section to the same extent, and under  
37 the same terms and conditions, as other prescription drugs covered by  
38 the health benefit plan.

1 (c) For all health benefit plans established or renewed on or after  
2 July 1, 2010, for groups of more than fifty employees coverage for:

3 (i) Mental health services. The copayment or coinsurance for  
4 mental health services may be no more than the copayment or coinsurance  
5 for medical and surgical services otherwise provided under the health  
6 benefit plan. Wellness and preventive services that are provided or  
7 reimbursed at a lesser copayment, coinsurance, or other cost sharing  
8 than other medical and surgical services are excluded from this  
9 comparison. If the health benefit plan imposes a maximum out-of-pocket  
10 limit or stop loss, it shall be a single limit or stop loss for  
11 medical, surgical, and mental health services. If the health benefit  
12 plan imposes any deductible, mental health services shall be included  
13 with medical and surgical services for the purpose of meeting the  
14 deductible requirement. Treatment limitations or any other financial  
15 requirements on coverage for mental health services are only allowed if  
16 the same limitations or requirements are imposed on coverage for  
17 medical and surgical services; and

18 (ii) Prescription drugs intended to treat any of the disorders  
19 covered in subsection (1) of this section to the same extent, and under  
20 the same terms and conditions, as other prescription drugs covered by  
21 the health benefit plan.

22 (3) In meeting the requirements of subsection (2)(a) and (b) of  
23 this section, health benefit plans may not reduce the number of mental  
24 health outpatient visits or mental health inpatient days below the  
25 level in effect on July 1, 2002.

26 (4) This section does not prohibit a requirement that mental health  
27 services be medically necessary as determined by the medical director  
28 or designee, if a comparable requirement is applicable to medical and  
29 surgical services.

30 (5) Nothing in this section shall be construed to prevent the  
31 management of mental health services.

32 NEW SECTION. **Sec. 5.** A new section is added to chapter 48.46 RCW  
33 to read as follows:

34 (1) For the purposes of this section, "mental health services"  
35 means medically necessary outpatient and inpatient services provided to  
36 treat mental disorders covered by the diagnostic categories listed in  
37 the most current version of the diagnostic and statistical manual of

1 mental disorders, published by the American psychiatric association, on  
2 the effective date of this section, or such subsequent date as may be  
3 provided by the insurance commissioner by rule, consistent with the  
4 purposes of this act, with the exception of the following categories,  
5 codes, and services: (a) Substance related disorders; (b) life  
6 transition problems, currently referred to as "V" codes, and diagnostic  
7 codes 302 through 302.9 as found in the diagnostic and statistical  
8 manual of mental disorders, 4th edition, published by the American  
9 psychiatric association; (c) skilled nursing facility services, home  
10 health care, residential treatment, and custodial care; and (d) court  
11 ordered treatment unless the health maintenance organization's medical  
12 director or designee determines the treatment to be medically  
13 necessary.

14 (2) All health benefit plans offered by health maintenance  
15 organizations that provide coverage for medical and surgical services  
16 shall provide:

17 (a) For all health benefit plans established or renewed on or after  
18 January 1, 2006, for groups of more than fifty employees coverage for:

19 (i) Mental health services. The copayment or coinsurance for  
20 mental health services may be no more than the copayment or coinsurance  
21 for medical and surgical services otherwise provided under the health  
22 benefit plan. Wellness and preventive services that are provided or  
23 reimbursed at a lesser copayment, coinsurance, or other cost sharing  
24 than other medical and surgical services are excluded from this  
25 comparison; and

26 (ii) Prescription drugs intended to treat any of the disorders  
27 covered in subsection (1) of this section to the same extent, and under  
28 the same terms and conditions, as other prescription drugs covered by  
29 the health benefit plan.

30 (b) For all health benefit plans established or renewed on or after  
31 January 1, 2008, for groups of more than fifty employees coverage for:

32 (i) Mental health services. The copayment or coinsurance for  
33 mental health services may be no more than the copayment or coinsurance  
34 for medical and surgical services otherwise provided under the health  
35 benefit plan. Wellness and preventive services that are provided or  
36 reimbursed at a lesser copayment, coinsurance, or other cost sharing  
37 than other medical and surgical services are excluded from this

1 comparison. If the health benefit plan imposes a maximum out-of-pocket  
2 limit or stop loss, it shall be a single limit or stop loss for  
3 medical, surgical, and mental health services; and

4 (ii) Prescription drugs intended to treat any of the disorders  
5 covered in subsection (1) of this section to the same extent, and under  
6 the same terms and conditions, as other prescription drugs covered by  
7 the health benefit plan.

8 (c) For all health benefit plans established or renewed on or after  
9 July 1, 2010, for groups of more than fifty employees coverage for:

10 (i) Mental health services. The copayment or coinsurance for  
11 mental health services may be no more than the copayment or coinsurance  
12 for medical and surgical services otherwise provided under the health  
13 benefit plan. Wellness and preventive services that are provided or  
14 reimbursed at a lesser copayment, coinsurance, or other cost sharing  
15 than other medical and surgical services are excluded from this  
16 comparison. If the health benefit plan imposes a maximum out-of-pocket  
17 limit or stop loss, it shall be a single limit or stop loss for  
18 medical, surgical, and mental health services. If the health benefit  
19 plan imposes any deductible, mental health services shall be included  
20 with medical and surgical services for the purpose of meeting the  
21 deductible requirement. Treatment limitations or any other financial  
22 requirements on coverage for mental health services are only allowed if  
23 the same limitations or requirements are imposed on coverage for  
24 medical and surgical services; and

25 (ii) Prescription drugs intended to treat any of the disorders  
26 covered in subsection (1) of this section to the same extent, and under  
27 the same terms and conditions, as other prescription drugs covered by  
28 the health benefit plan.

29 (3) In meeting the requirements of subsection (2)(a) and (b) of  
30 this section, health benefit plans may not reduce the number of mental  
31 health outpatient visits or mental health inpatient days below the  
32 level in effect on July 1, 2002.

33 (4) This section does not prohibit a requirement that mental health  
34 services be medically necessary as determined by the medical director  
35 or designee, if a comparable requirement is applicable to medical and  
36 surgical services.

37 (5) Nothing in this section shall be construed to prevent the  
38 management of mental health services.

1        NEW SECTION.    **Sec. 6.**    A new section is added to chapter 70.47 RCW  
2 to read as follows:

3        (1) For the purposes of this section, "mental health services"  
4 means medically necessary outpatient and inpatient services provided to  
5 treat mental disorders covered by the diagnostic categories listed in  
6 the most current version of the diagnostic and statistical manual of  
7 mental disorders, published by the American psychiatric association, on  
8 the effective date of this section, or such subsequent date as may be  
9 determined by the administrator, by rule, consistent with the purposes  
10 of this act, with the exception of the following categories, codes, and  
11 services:    (a) Substance related disorders; (b) life transition  
12 problems, currently referred to as "V" codes, and diagnostic codes 302  
13 through 302.9 as found in the diagnostic and statistical manual of  
14 mental disorders, 4th edition, published by the American psychiatric  
15 association; (c) skilled nursing facility services, home health care,  
16 residential treatment, and custodial care; and (d) court ordered  
17 treatment, unless the Washington basic health plan's or contracted  
18 managed health care system's medical director or designee determines  
19 the treatment to be medically necessary.

20        (2)(a) Any schedule of benefits established or renewed by the  
21 Washington basic health plan on or after January 1, 2006, shall provide  
22 coverage for:

23        (i) Mental health services.    The copayment or coinsurance for  
24 mental health services may be no more than the copayment or coinsurance  
25 for medical and surgical services otherwise provided under the schedule  
26 of benefits.    Wellness and preventive services that are provided or  
27 reimbursed at a lesser copayment, coinsurance, or other cost sharing  
28 than other medical and surgical services are excluded from this  
29 comparison; and

30        (ii) Prescription drugs intended to treat any of the disorders  
31 covered in subsection (1) of this section to the same extent, and under  
32 the same terms and conditions, as other prescription drugs covered  
33 under the schedule of benefits.

34        (b) Any schedule of benefits established or renewed by the  
35 Washington basic health plan on or after January 1, 2008, shall provide  
36 coverage for:

37        (i) Mental health services.    The copayment or coinsurance for  
38 mental health services may be no more than the copayment or coinsurance

1 for medical and surgical services otherwise provided under the schedule  
2 of benefits. Wellness and preventive services that are provided or  
3 reimbursed at a lesser copayment, coinsurance, or other cost sharing  
4 than other medical and surgical services are excluded from this  
5 comparison. If the schedule of benefits imposes a maximum out-of-  
6 pocket limit or stop loss, it shall be a single limit or stop loss for  
7 medical, surgical, and mental health services; and

8 (ii) Prescription drugs intended to treat any of the disorders  
9 covered in subsection (1) of this section to the same extent, and under  
10 the same terms and conditions, as other prescription drugs covered  
11 under the schedule of benefits.

12 (c) Any schedule of benefits established or renewed by the  
13 Washington basic health plan on or after July 1, 2010, shall include  
14 coverage for:

15 (i) Mental health services. The copayment or coinsurance for  
16 mental health services may be no more than the copayment or coinsurance  
17 for medical and surgical services otherwise provided under the schedule  
18 of benefits. Wellness and preventive services that are provided or  
19 reimbursed at a lesser copayment, coinsurance, or other cost sharing  
20 than other medical and surgical services are excluded from this  
21 comparison. If the schedule of benefits imposes a maximum out-of-  
22 pocket limit or stop loss, it shall be a single limit or stop loss for  
23 medical, surgical, and mental health services. If the schedule of  
24 benefits imposes any deductible, mental health services shall be  
25 included with medical and surgical services for the purpose of meeting  
26 the deductible requirement. Treatment limitations or any other  
27 financial requirements on coverage for mental health services are only  
28 allowed if the same limitations or requirements are imposed on coverage  
29 for medical and surgical services; and

30 (ii) Prescription drugs intended to treat any of the disorders  
31 covered in subsection (1) of this section to the same extent, and under  
32 the same terms and conditions, as other prescription drugs covered  
33 under the schedule of benefits.

34 (3) In meeting the requirements of subsection (2)(a) and (b) of  
35 this section, the Washington basic health plan may not reduce the  
36 number of mental health outpatient visits or mental health inpatient  
37 days below the level in effect on July 1, 2002.

1 (4) This section does not prohibit a requirement that mental health  
2 services be medically necessary as determined by the medical director  
3 or designee, if a comparable requirement is applicable to medical and  
4 surgical services.

5 (5) Nothing in this section shall be construed to prevent the  
6 management of mental health services.

7 **Sec. 7.** RCW 48.21.240 and 1987 c 283 s 3 are each amended to read  
8 as follows:

9 (1) For groups not covered by section 3 of this act, each group  
10 insurer providing disability insurance coverage in this state for  
11 hospital or medical care under contracts which are issued, delivered,  
12 or renewed in this state (~~on or after July 1, 1986,~~) shall offer  
13 optional supplemental coverage for mental health treatment for the  
14 insured and the insured's covered dependents.

15 (2) Benefits shall be provided under the optional supplemental  
16 coverage for mental health treatment whether treatment is rendered by:

17 (a) A (~~physician licensed under chapter 18.71 or 18.57 RCW; (b) a~~  
18 ~~psychologist licensed under chapter 18.83)) licensed mental health  
19 provider regulated under chapter 18.57, 18.71, 18.79, 18.83, or 18.225  
20 RCW; ((+e)) (b) a community mental health agency licensed by the  
21 department of social and health services pursuant to chapter 71.24 RCW;  
22 or ((+d)) (c) a state hospital as defined in RCW 72.23.010. The  
23 treatment shall be covered at the usual and customary rates for such  
24 treatment. The insurer(~~, health care service contractor, or health~~  
25 ~~maintenance organization)) providing optional coverage under the~~  
26 ~~provisions of this section for mental health services may establish~~  
27 ~~separate usual and customary rates for services rendered by~~  
28 ~~(physicians licensed under chapter 18.71 or 18.57 RCW, psychologists~~  
29 ~~licensed under chapter 18.83 RCW, and community mental health centers~~  
30 ~~licensed under chapter 71.24 RCW and state hospitals as defined in RCW~~  
31 ~~72.23.010)) the different categories of providers listed in (a) through~~  
32 (c) of this subsection. However, the treatment may be subject to  
33 contract provisions with respect to reasonable deductible amounts or  
34 copayments. In order to qualify for coverage under this section, a  
35 licensed community mental health agency shall have in effect a plan for  
36 quality assurance and peer review, and the treatment shall be~~

1 supervised by (~~a physician licensed under chapter 18.71 or 18.57 RCW~~  
2 ~~or by a psychologist licensed under chapter 18.83 RCW~~) one of the  
3 categories of providers listed in (a) of this subsection.

4 (3) For groups not covered by section 3 of this act, the group  
5 disability insurance contract may provide that all the coverage for  
6 mental health treatment is waived for all covered members if the  
7 contract holder so states in advance in writing to the insurer.

8 (4) This section shall not apply to a group disability insurance  
9 contract that has been entered into in accordance with a collective  
10 bargaining agreement between management and labor representatives prior  
11 to March 1, 1987.

12 **Sec. 8.** RCW 48.44.340 and 1987 c 283 s 4 are each amended to read  
13 as follows:

14 (1) For groups not covered by section 4 of this act, each health  
15 care service contractor providing hospital or medical services or  
16 benefits in this state under group contracts for health care services  
17 under this chapter which are issued, delivered, or renewed in this  
18 state (~~on or after July 1, 1986,~~) shall offer optional supplemental  
19 coverage for mental health treatment for the insured and the insured's  
20 covered dependents.

21 (2) Benefits shall be provided under the optional supplemental  
22 coverage for mental health treatment whether treatment is rendered by:

23 (a) A (~~physician licensed under chapter 18.71 or 18.57 RCW; (b) a~~  
24 ~~psychologist licensed under chapter 18.83~~) licensed mental health  
25 provider regulated under chapter 18.57, 18.71, 18.79, 18.83, or 18.225  
26 RCW; ((+e)) (b) a community mental health agency licensed by the  
27 department of social and health services pursuant to chapter 71.24 RCW;  
28 or ((+d)) (c) a state hospital as defined in RCW 72.23.010. The  
29 treatment shall be covered at the usual and customary rates for such  
30 treatment. The (~~insurer,~~) health care service contractor(~~, or~~  
31 ~~health maintenance organization~~) providing optional coverage under the  
32 provisions of this section for mental health services may establish  
33 separate usual and customary rates for services rendered by  
34 (~~physicians licensed under chapter 18.71 or 18.57 RCW, psychologists~~  
35 ~~licensed under chapter 18.83 RCW, and community mental health centers~~  
36 ~~licensed under chapter 71.24 RCW and state hospitals as defined in RCW~~  
37 ~~72.23.010~~) the different categories of providers listed in (a) through

1 (c) of this subsection. However, the treatment may be subject to  
2 contract provisions with respect to reasonable deductible amounts or  
3 copayments. In order to qualify for coverage under this section, a  
4 licensed community mental health agency shall have in effect a plan for  
5 quality assurance and peer review, and the treatment shall be  
6 supervised by ~~((a physician licensed under chapter 18.71 or 18.57 RCW~~  
7 ~~or by a psychologist licensed under chapter 18.83 RCW))~~ one of the  
8 categories of providers listed in (a) of this subsection.

9 (3) For groups not covered by section 4 of this act, the group  
10 contract for health care services may provide that all the coverage for  
11 mental health treatment is waived for all covered members if the  
12 contract holder so states in advance in writing to the health care  
13 service contractor.

14 (4) This section shall not apply to a group health care service  
15 contract that has been entered into in accordance with a collective  
16 bargaining agreement between management and labor representatives prior  
17 to March 1, 1987.

18 **Sec. 9.** RCW 48.46.290 and 1987 c 283 s 5 are each amended to read  
19 as follows:

20 (1) For groups not covered by section 5 of this act, each health  
21 maintenance organization providing services or benefits for hospital or  
22 medical care coverage in this state under group health maintenance  
23 agreements which are issued, delivered, or renewed in this state ~~((on~~  
24 ~~or after July 1, 1986,))~~ shall offer optional supplemental coverage for  
25 mental health treatment to the enrolled participant and the enrolled  
26 participant's covered dependents.

27 (2) Benefits shall be provided under the optional supplemental  
28 coverage for mental health treatment whether treatment is rendered by  
29 the health maintenance organization or the health maintenance  
30 organization refers the enrolled participant or the enrolled  
31 participant's covered dependents for treatment ~~((to))~~ by: (a) A  
32 ~~((physician licensed under chapter 18.71 or 18.57 RCW; (b) a~~  
33 ~~psychologist licensed under chapter 18.83))~~ licensed mental health  
34 provider regulated under chapter 18.57, 18.71, 18.79, 18.83, or 18.225  
35 RCW; ((+e)) (b) a community mental health agency licensed by the  
36 department of social and health services pursuant to chapter 71.24 RCW;  
37 or ((+d)) (c) a state hospital as defined in RCW 72.23.010. The

1 treatment shall be covered at the usual and customary rates for such  
2 treatment. The (~~insurer, health care service contractor, or~~) health  
3 maintenance organization providing optional coverage under the  
4 provisions of this section for mental health services may establish  
5 separate usual and customary rates for services rendered by  
6 (~~physicians licensed under chapter 18.71 or 18.57 RCW, psychologists~~  
7 ~~licensed under chapter 18.83 RCW, and community mental health centers~~  
8 ~~licensed under chapter 71.24 RCW and state hospitals as defined in RCW~~  
9 ~~72.23.010~~) the different categories of providers listed in (a) through  
10 (c) of this subsection. However, the treatment may be subject to  
11 contract provisions with respect to reasonable deductible amounts or  
12 copayments. In order to qualify for coverage under this section, a  
13 licensed community mental health agency shall have in effect a plan for  
14 quality assurance and peer review, and the treatment shall be  
15 supervised by (~~a physician licensed under chapter 18.71 or 18.57 RCW~~  
16 ~~or by a psychologist licensed under chapter 18.83 RCW~~) one of the  
17 categories of providers listed in (a) of this subsection.

18 (3) For groups not covered by section 5 of this act, the group  
19 health maintenance agreement may provide that all the coverage for  
20 mental health treatment is waived for all covered members if the  
21 contract holder so states in advance in writing to the health  
22 maintenance organization.

23 (4) This section shall not apply to a group health maintenance  
24 agreement that has been entered into in accordance with a collective  
25 bargaining agreement between management and labor representatives prior  
26 to March 1, 1987.

27 NEW SECTION. Sec. 10. A new section is added to chapter 48.02 RCW  
28 to read as follows:

29 The insurance commissioner may adopt rules to implement sections 3  
30 through 5 of this act, except that the rules do not apply to health  
31 benefit plans administered or operated under chapter 41.05 or 70.47  
32 RCW.

33 NEW SECTION. Sec. 11. A new section is added to chapter 70.47 RCW  
34 to read as follows:

35 The administrator may adopt rules to implement section 6 of this  
36 act.

1        NEW SECTION.   **Sec. 12.**   A new section is added to chapter 41.05 RCW  
2   to read as follows:

3        The administrator may adopt rules to implement section 2 of this  
4   act.

5        NEW SECTION.   **Sec. 13.**   If any provision of this act or its  
6   application to any person or circumstance is held invalid, the  
7   remainder of the act or the application of the provision to other  
8   persons or circumstances is not affected.

      Passed by the House January 28, 2005.

      Passed by the Senate March 3, 2005.

      Approved by the Governor March 9, 2005.

      Filed in Office of Secretary of State March 9, 2005.