
SENATE BILL 5425

State of Washington**56th Legislature****1999 Regular Session**

By Senators Thibaudeau, Long, Wojahn, Winsley, Costa, Oke, Franklin, McCaslin, Kohl-Welles, Swecker, Hargrove, Prentice, McAuliffe, Fairley, Kline, Fraser, Haugen, Eide, Goings, Brown, Shin, Jacobsen, Patterson, Bauer, Gardner, Heavey, B. Sheldon, T. Sheldon, Rasmussen, Loveland, Hale, Spanel and Snyder

Read first time 01/22/1999. Referred to Committee on Health & Long-Term Care.

1 AN ACT Relating to mental health parity; amending RCW 48.21.240,
2 48.44.340, and 48.46.290; adding a new section 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 a
5 new section to chapter 70.47 RCW; creating a new section; and repealing
6 RCW 48.21.240, 48.44.340, and 48.46.290.

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

8 NEW SECTION. **Sec. 1.** National data suggest that in any given year
9 one in ten adult Americans experiences a mental disorder, and one in
10 five adult Americans will have a mental disorder during his or her
11 lifetime that requires treatment. For children, data suggest that one
12 in five may have a diagnosable mental disorder. Mental disorders are
13 just as preventable, controllable, or curable as physical disorders.

14 The legislature finds that the costs for leaving mental disorders
15 untreated or undertreated are enormous, and often include: Decreased
16 job productivity, increased job turnover, loss of employment, increased
17 disability costs, deteriorating school performance, increased use of
18 other health care services, treatment delays leading to more costly
19 treatments, suicide, family breakdown and impoverishment, and

1 institutionalization, whether in hospitals, juvenile detention, jails,
2 or prisons.

3 Therefore, the legislature declares that it is no longer cost-
4 effective to treat persons with mental disorders differently than
5 persons with medical and surgical disorders. The cost to our children,
6 families, businesses, and society as a whole is too high.

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

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

13 (1) For the purpose of this section, "mental health services"
14 means: (a) Outpatient and inpatient services provided to treat any of
15 the mental disorders covered by the diagnostic categories listed in the
16 most current version of the diagnostic and statistical manual of mental
17 disorders on the effective date of this section, or such subsequent
18 date as may be provided by the authority by rule, consistent with the
19 purposes of chapter . . . , Laws of 1999 (this act), except V codes and
20 those codes defining substance abuse disorders, 291.0 through 292.9 and
21 303.0 through 305.9 as of the effective date of this section; and (b)
22 prescription drugs, if the plan contract otherwise includes coverage
23 for prescription drugs.

24 (2) Each health plan offered to public employees and their covered
25 dependents under this chapter that is not subject to the provisions of
26 Title 48 RCW and is established or renewed after July 1, 2000, and that
27 provides coverage for hospital or medical care, shall provide coverage
28 for mental health services. This coverage:

29 (a) Shall only impose treatment limitations or financial
30 requirements on coverage for mental health services, if the same
31 limitations or requirements are imposed on coverage for medical and
32 surgical services. This includes but is not limited to copays, cost
33 sharing, annual or lifetime dollar limits, outpatient visit limits,
34 outpatient day limits, and inpatient limits. Wellness and preventive
35 services that are reimbursed at one hundred percent without deductible,
36 coinsurance, or other cost sharing are excluded from this comparison;
37 and

1 (b) Shall require one single annual deductible, and one single
2 annual maximum out-of-pocket limit for medical and surgical and mental
3 health services if annual deductibles and maximum out-of-pocket limits
4 are required by the insuring entity. However, no plan is required to
5 initiate the use of such a deductible or limit.

6 (3) Coverage shall be provided for mental health services under
7 this section whether services are rendered by any generally recognized
8 medical specialty of practitioners licensed under chapter 18.57 or
9 18.71 RCW who provide mental health services; psychologists licensed
10 under chapter 18.83 RCW; advanced practice psychiatric nurses as
11 authorized by the nursing care quality assurance commission under
12 chapter 18.79 RCW; social workers, marriage and family therapists, and
13 mental health counselors certified under chapter 18.19 RCW; or
14 community mental health centers licensed under chapter 71.24 RCW.

15 (4) This section does not prohibit an insuring entity from
16 requiring the use of preauthorization screening prior to authorizing
17 the delivery of mental health services or the requirement that mental
18 health services must be medically necessary as determined by its
19 medical director or his or her designee.

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

22 (1) For the purpose of this section, "mental health services"
23 means: (a) Outpatient and inpatient services provided to treat any of
24 the mental disorders covered by the diagnostic categories listed in the
25 most current version of the diagnostic and statistical manual of mental
26 disorders on the effective date of this section or such subsequent date
27 as may be provided by the insurance commissioner by rule, consistent
28 with the purposes of chapter . . . , Laws of 1999 (this act), except V
29 codes and those codes defining substance abuse disorders, 291.0 through
30 292.9 and 303.0 through 305.9 as of the effective date of this section;
31 and (b) prescription drugs, if the insurance contract otherwise
32 includes coverage for prescription drugs.

33 (2) All group disability insurance contracts and blanket disability
34 insurance contracts providing health care services to groups with more
35 than fifty persons, issued or renewed after July 1, 2000, and for
36 groups with fifty or fewer persons, issued or renewed after July 1,
37 2001, that provide coverage for hospital or medical care shall provide
38 coverage for mental health services. This coverage:

1 (a) Shall only impose treatment limitations or financial
2 requirements on coverage for mental health services, if the same
3 limitations or requirements are imposed on coverage for medical and
4 surgical services. This includes but is not limited to copays, cost
5 sharing, annual or lifetime dollar limits, outpatient visit limits,
6 outpatient day limits, and inpatient limits. Wellness and preventive
7 services that are reimbursed at one hundred percent without deductible,
8 coinsurance, or other cost sharing are excluded from this comparison;
9 and

10 (b) Shall require one single annual deductible, and one single
11 annual maximum out-of-pocket limit for medical and surgical and mental
12 health services if annual deductibles and maximum out-of-pocket limits
13 are required by the insurer. However, no plan is required to initiate
14 the use of such a deductible or limit.

15 (3) Coverage shall be provided for mental health services under
16 this section whether services are rendered by any generally recognized
17 medical specialty of practitioners licensed under chapter 18.57 or
18 18.71 RCW who provide mental health services; psychologists licensed
19 under chapter 18.83 RCW; advanced practice psychiatric nurses as
20 authorized by the nursing care quality assurance commission under
21 chapter 18.79 RCW; social workers, marriage and family therapists, and
22 mental health counselors certified under chapter 18.19 RCW; or
23 community mental health centers licensed under chapter 71.24 RCW.

24 (4) This section does not prohibit an insurer from requiring the
25 use of preauthorization screening prior to authorizing the delivery of
26 mental health services or the requirement that mental health services
27 must be medically necessary as determined by its medical director or
28 his or her designee.

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

31 (1) For the purpose of this section, "mental health services"
32 means: (a) Outpatient and inpatient services provided to treat any of
33 the mental disorders covered by the diagnostic categories listed in the
34 most current version of the diagnostic and statistical manual of mental
35 disorders on the effective date of this section, or such subsequent
36 date as may be provided by the insurance commissioner by rule,
37 consistent with the purposes of chapter . . . , Laws of 1999 (this act),
38 except V codes and those codes defining substance abuse disorders,

1 291.0 through 292.9 and 303.0 through 305.9 as of the effective date of
2 this section; and (b) prescription drugs, if the contract otherwise
3 includes coverage for prescription drugs.

4 (2) All health care service contracts for groups with more than
5 fifty persons, issued or renewed after July 1, 2000, and for groups
6 with fifty or fewer persons, issued or renewed after July 1, 2001, that
7 provide coverage for hospital or medical care shall provide coverage
8 for mental health services. This coverage:

9 (a) Shall only impose treatment limitations or financial
10 requirements on coverage for mental health services, if the same
11 limitations or requirements are imposed on coverage for medical and
12 surgical services. This includes but is not limited to copays, cost
13 sharing, annual or lifetime dollar limits, outpatient visit limits,
14 outpatient day limits, and inpatient limits. Wellness and preventive
15 services that are reimbursed at one hundred percent without deductible,
16 coinsurance, or other cost sharing are excluded from this comparison;
17 and

18 (b) Shall require one single annual deductible, and one single
19 annual maximum out-of-pocket limit for medical and surgical and mental
20 health services if annual deductibles and maximum out-of-pocket limits
21 are required by the health care service contractor. However, no plan
22 is required to initiate the use of such a deductible or limit.

23 (3) Coverage shall be provided for mental health services under
24 this section whether services are rendered by any generally recognized
25 medical specialty of practitioners licensed under chapter 18.57 or
26 18.71 RCW who provide mental health services; psychologists licensed
27 under chapter 18.83 RCW; advanced practice psychiatric nurses as
28 authorized by the nursing care quality assurance commission under
29 chapter 18.79 RCW; social workers, marriage and family therapists, and
30 mental health counselors certified under chapter 18.19 RCW; or
31 community mental health centers licensed under chapter 71.24 RCW.

32 (4) This section does not prohibit a health care service contractor
33 from requiring the use of preauthorization screening prior to
34 authorizing the delivery of mental health services or the requirement
35 that mental health services must be medically necessary as determined
36 by its medical director or his or her designee.

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

1 (1) For the purpose of this section, "mental health services"
2 means: (a) Outpatient and inpatient services provided to treat any of
3 the mental disorders covered by the diagnostic categories listed in the
4 most current version of the diagnostic and statistical manual of mental
5 disorders on the effective date of this section, or such subsequent
6 date as may be provided by the insurance commissioner by rule,
7 consistent with the purposes of chapter . . . , Laws of 1999 (this act),
8 except V codes and those codes defining substance abuse disorders,
9 291.0 through 292.9 and 303.0 through 305.9 as of the effective date of
10 this section; and (b) prescription drugs, if the plan contract
11 otherwise includes coverage for prescription drugs.

12 (2) All health benefit plans offered by health maintenance
13 organizations to groups with more than fifty persons, issued or renewed
14 after July 1, 2000, and for groups with fifty or fewer persons, issued
15 or renewed after July 1, 2001, that provide coverage for hospital or
16 medical care shall provide coverage for mental health services. This
17 coverage:

18 (a) Shall only impose treatment limitations or financial
19 requirements on coverage for mental health services, if the same
20 limitations or requirements are imposed on coverage for medical and
21 surgical services. This includes but is not limited to copays, cost
22 sharing, annual or lifetime dollar limits, outpatient visit limits,
23 outpatient day limits, and inpatient limits. Wellness and preventive
24 services that are reimbursed at one hundred percent without deductible,
25 coinsurance, or other cost sharing are excluded from this comparison;
26 and

27 (b) Shall require one single annual deductible, and one single
28 annual maximum out-of-pocket limit for medical and surgical and mental
29 health services if annual deductibles and maximum out-of-pocket limits
30 are required by the health maintenance organization. However, no plan
31 is required to initiate the use of such a deductible or limit.

32 (3) Coverage shall be provided for mental health services under
33 this section whether services are rendered by any generally recognized
34 medical specialty of practitioners licensed under chapter 18.57 or
35 18.71 RCW who provide mental health services; psychologists licensed
36 under chapter 18.83 RCW; advanced practice psychiatric nurses as
37 authorized by the nursing care quality assurance commission under
38 chapter 18.79 RCW; social workers, marriage and family therapists, and

1 mental health counselors certified under chapter 18.19 RCW; or
2 community mental health centers licensed under chapter 71.24 RCW.

3 (4) This section does not prohibit a health maintenance
4 organization from requiring the use of preauthorization screening prior
5 to authorizing the delivery of mental health services or the
6 requirement that mental health services must be medically necessary as
7 determined by its medical director or his or her designee.

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

10 Notwithstanding the provisions of RCW 70.47.060, this section
11 governs the provision of mental health services to subsidized enrollees
12 in the basic health plan.

13 (1) For the purpose of this section, "mental health services"
14 means: (a) Outpatient and inpatient services provided to treat any of
15 the mental disorders covered by the diagnostic categories listed in the
16 most current version of the diagnostic and statistical manual of mental
17 disorders on the effective date of this section, or such subsequent
18 date as may be provided by the Washington state health care authority
19 by rule, consistent with the purposes of chapter . . . , Laws of 1999
20 (this act), except V codes and those codes defining substance abuse
21 disorders, 291.0 through 292.9 and 303.0 through 305.9 as of the
22 effective date of this section; and (b) prescription drugs, if the plan
23 contract otherwise includes coverage for prescription drugs.

24 (2) After July 1, 2001, the basic health plan shall provide
25 coverage for mental health services to subsidized children and adults.
26 This coverage:

27 (a) Shall only impose treatment limitations or financial
28 requirements on coverage for mental health services, if the same
29 limitations or requirements are imposed on coverage for medical and
30 surgical services. This includes but is not limited to copays, cost
31 sharing, annual or lifetime dollar limits, outpatient visit limits,
32 outpatient day limits, and inpatient limits. Wellness and preventive
33 services that are reimbursed at one hundred percent without deductible,
34 coinsurance, or other cost sharing are excluded from this comparison;
35 and

36 (b) Shall require one single annual deductible, and one single
37 annual maximum out-of-pocket limit for medical and surgical and mental
38 health services if annual deductibles and maximum out-of-pocket limits

1 are required by the administrator. However, no plan is required to
2 initiate the use of such a deductible or limit.

3 (3) Coverage shall be provided for mental health services under
4 this section whether services are rendered by any generally recognized
5 medical specialty of practitioners licensed under chapter 18.57 or
6 18.71 RCW who provide mental health services; psychologists licensed
7 under chapter 18.83 RCW; advanced practice psychiatric nurses as
8 authorized by the nursing care quality assurance commission under
9 chapter 18.79 RCW; social workers, marriage and family therapists, and
10 mental health counselors certified under chapter 18.19 RCW; or
11 community mental health centers licensed under chapter 71.24 RCW.

12 (4) This section does not prohibit the administrator from requiring
13 the use of preauthorization screening prior to authorizing the delivery
14 of mental health services or the requirement that mental health
15 services must be medically necessary as determined by its medical
16 director or his or her designee.

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

19 (1) Each group insurer providing disability insurance coverage in
20 this state for hospital or medical care under contracts which are
21 issued, delivered, or renewed in this state on or after July 1, 1986,
22 shall offer optional supplemental coverage for mental health treatment
23 for the insured and the insured's covered dependents.

24 (2) Benefits shall be provided under the optional supplemental
25 coverage for mental health treatment whether treatment is rendered by:
26 (a) A physician licensed under chapter 18.71 or 18.57 RCW; (b) a
27 psychologist licensed under chapter 18.83 RCW; (c) a community mental
28 health agency licensed by the department of social and health services
29 pursuant to chapter 71.24 RCW; or (d) a state hospital as defined in
30 RCW 72.23.010. The treatment shall be covered at the usual and
31 customary rates for such treatment. The insurer, health care service
32 contractor, or health maintenance organization providing optional
33 coverage under the provisions of this section for mental health
34 services may establish separate usual and customary rates for services
35 rendered by physicians licensed under chapter 18.71 or 18.57 RCW,
36 psychologists licensed under chapter 18.83 RCW, and community mental
37 health centers licensed under chapter 71.24 RCW and state hospitals as
38 defined in RCW 72.23.010. However, the treatment may be subject to

1 contract provisions with respect to reasonable deductible amounts or
2 copayments. In order to qualify for coverage under this section, a
3 licensed community mental health agency shall have in effect a plan for
4 quality assurance and peer review, and the treatment shall be
5 supervised by a physician licensed under chapter 18.71 or 18.57 RCW or
6 by a psychologist licensed under chapter 18.83 RCW.

7 (3) The group disability insurance contract may provide that all
8 the coverage for mental health treatment is waived for all covered
9 members if the contract holder so states in advance in writing to the
10 insurer.

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

15 (5) This section does not apply to groups with more than fifty
16 persons beginning July 1, 2000.

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

19 (1) Each health care service contractor providing hospital or
20 medical services or benefits in this state under group contracts for
21 health care services under this chapter which are issued, delivered, or
22 renewed in this state on or after July 1, 1986, shall offer optional
23 supplemental coverage for mental health treatment for the insured and
24 the insured's covered dependents.

25 (2) Benefits shall be provided under the optional supplemental
26 coverage for mental health treatment whether treatment is rendered by:
27 (a) A physician licensed under chapter 18.71 or 18.57 RCW; (b) a
28 psychologist licensed under chapter 18.83 RCW; (c) a community mental
29 health agency licensed by the department of social and health services
30 pursuant to chapter 71.24 RCW; or (d) a state hospital as defined in
31 RCW 72.23.010. The treatment shall be covered at the usual and
32 customary rates for such treatment. The insurer, health care service
33 contractor, or health maintenance organization providing optional
34 coverage under the provisions of this section for mental health
35 services may establish separate usual and customary rates for services
36 rendered by physicians licensed under chapter 18.71 or 18.57 RCW,
37 psychologists licensed under chapter 18.83 RCW, and community mental
38 health centers licensed under chapter 71.24 RCW and state hospitals as

1 defined in RCW 72.23.010. 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 or
7 by a psychologist licensed under chapter 18.83 RCW.

8 (3) The group contract for health care services may provide that
9 all the coverage for mental health treatment is waived for all covered
10 members if the contract holder so states in advance in writing to the
11 health care service contractor.

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

16 (5) This section does not apply to groups with more than fifty
17 persons beginning July 1, 2000.

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

20 (1) Each health maintenance organization providing services or
21 benefits for hospital or medical care coverage in this state under
22 group health maintenance agreements which are issued, delivered, or
23 renewed in this state on or after July 1, 1986, shall offer optional
24 supplemental coverage for mental health treatment to the enrolled
25 participant and the enrolled participant's covered dependents.

26 (2) Benefits shall be provided under the optional supplemental
27 coverage for mental health treatment whether treatment is rendered by
28 the health maintenance organization or the health maintenance
29 organization refers the enrolled participant or the enrolled
30 participant's covered dependents for treatment to: (a) A physician
31 licensed under chapter 18.71 or 18.57 RCW; (b) a psychologist licensed
32 under chapter 18.83 RCW; (c) a community mental health agency licensed
33 by the department of social and health services pursuant to chapter
34 71.24 RCW; or (d) a state hospital as defined in RCW 72.23.010. The
35 treatment shall be covered at the usual and customary rates for such
36 treatment. The insurer, health care service contractor, or health
37 maintenance organization providing optional coverage under the
38 provisions of this section for mental health services may establish

1 separate usual and customary rates for services rendered by physicians
2 licensed under chapter 18.71 or 18.57 RCW, psychologists licensed under
3 chapter 18.83 RCW, and community mental health centers licensed under
4 chapter 71.24 RCW and state hospitals as defined in RCW 72.23.010.
5 However, the treatment may be subject to contract provisions with
6 respect to reasonable deductible amounts or copayments. In order to
7 qualify for coverage under this section, a licensed community mental
8 health agency shall have in effect a plan for quality assurance and
9 peer review, and the treatment shall be supervised by a physician
10 licensed under chapter 18.71 or 18.57 RCW or by a psychologist licensed
11 under chapter 18.83 RCW.

12 (3) The group health maintenance agreement may provide that all the
13 coverage for mental health treatment is waived for all covered members
14 if the contract holder so states in advance in writing to the health
15 maintenance organization.

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

20 (5) This section does not apply to groups with more than fifty
21 persons beginning July 1, 2000.

22 NEW SECTION. **Sec. 10.** The following acts or parts of acts are
23 each repealed, effective July 1, 2001:

24 (1) RCW 48.21.240 and 1987 c 283 s 3, 1986 c 184 s 2, & 1983 c 35
25 s 1;

26 (2) RCW 48.44.340 and 1987 c 283 s 4, 1986 c 184 s 3, & 1983 c 35
27 s 2; and

28 (3) RCW 48.46.290 and 1987 c 283 s 5, 1986 c 184 s 4, & 1983 c 35
29 s 3.

30 NEW SECTION. **Sec. 11.** If any provision of this act or its
31 application to any person or circumstance is held invalid, the
32 remainder of the act or the application of the provision to other
33 persons or circumstances is not affected.

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