

Assembly Bill 754 (Chesbro)

On April 23, 2010, the Senate Committee on Health requested CHBRP to analyze the following bill language that will be taken as amendments to AB 754 as indicated by the Bill Author.

07887

04/07/10 02:42 PM
RN 10 08996 PAGE 1
SubstantiveAMENDMENTS TO ASSEMBLY BILL NO. 754
AS AMENDED IN SENATE SEPTEMBER 4, 2009

Amendment 1

Strike out lines 1 and 2 of the title and insert:

An act to add Section 1367.28 to the Health and Safety Code, and to add Section 10123.24 to the Insurance Code, relating to health care coverage.

Amendment 2

On page 2, before line 1, insert:

SECTION 1. Section 1367.28 is added to the Health and Safety Code, to read:
1367.28. (a) Every health care service plan, except a specialized health care service plan, that covers hospital, medical, or surgical expenses on a group or individual basis that is issued, amended, received, or delivered on or after January 1, 2011, shall provide coverage for durable medical equipment (DME) and services under the terms and conditions that may be agreed upon between the subscriber and the plan. Every plan shall communicate the availability of that coverage to all group or individual contractholders and to all prospective group or individual contractholders with whom it is negotiating. Coverage for DME shall provide for coverage when the equipment, including original and replacement devices, is prescribed by a physician and surgeon or doctor of podiatric medicine acting within the scope of his or her license, or is ordered by a licensed health care provider acting within the scope of his or her license. Every plan shall have the right to conduct a utilization review to determine medical necessity prior to authorizing these services.

(b) The amount of the benefit for DME and services shall be no less than the annual and lifetime benefit maximums applicable to the basic health care services required to be provided under Section 1367. If the contract does not include any annual or lifetime benefit maximums applicable to basic health care services, the amount of the benefit for DME and services shall not be subject to an annual or lifetime maximum benefit level. Any copayment, coinsurance, deductible, and maximum out-of-pocket amount applied to the benefit for DME and services shall be no more than the most common amounts applied to the basic health care services required to be provided under Section 1367.

(c) "Durable medical equipment" consists of equipment that is used for the treatment of a medical condition or injury or to preserve the patient's functioning and that is designed for repeated use and includes, but is not limited to, manual and motorized wheelchairs, scooters, oxygen equipment, crutches, walkers, electric beds, shower and bath seats, and mechanical patient lifts.

SEC. 2. Section 10123.24 is added to the Insurance Code, to read:

10123.24. (a) On and after January 1, 2011, every insurer issuing group or individual health insurance shall provide coverage for durable medical equipment (DME) and services under the terms and conditions that may be agreed upon between the policyholder and the insurer. Every insurer shall communicate the availability of



07887

04/07/10 02:42 PM
RN 10 08996 PAGE 2
Substantive

that coverage to all group or individual policyholders and to all prospective group or individual policyholders with whom it is negotiating. Coverage for DME shall provide for coverage when the equipment, including original and replacement devices, is prescribed by a physician and surgeon or doctor of podiatric medicine acting within the scope of his or her license, or is ordered by a licensed health care provider acting within the scope of his or her license. Every insurer shall have the right to conduct a utilization review to determine medical necessity prior to authorizing these services.

(b) The amount of the benefit for DME and services shall be no less than the annual and lifetime benefit maximums applicable to all benefits in the policy. Any copayment, coinsurance, deductible, and maximum out-of-pocket amount applied to the benefit for DME and services shall be no more than the most common amounts contained in the policy.

(c) "Durable medical equipment" consists of equipment that is used for the treatment of a medical condition or injury or to preserve the patient's functioning and that is designed for repeated use and includes, but is not limited to, manual and motorized wheelchairs, scooters, oxygen equipment, crutches, walkers, electric beds, shower and bath seats, and mechanical patient lifts.

(d) This section shall not apply to specialized health insurance, Medicare supplement, short term limited duration health insurance, CHAMPUS supplement insurance, TRICARE supplement, or to hospital indemnity, accident only, or specified disease insurance.

SEC. 3. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

Amendment 3

On page 2, strike out lines 1 to 28, inclusive, and strike out pages 3 to 13, inclusive