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HOUSE BILL NO. 443

Offered January 11, 2006

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A BILL to amend and reenact §§ 8.01-581.1, 8.01-581.13, 38.2-602, and 38.2-3412.1 of the Code of Virginia, relating to marriage and family therapists and professional counselors.

 Patron—Shuler

 Referred to Committee for Courts of Justice

Be it enacted by the General Assembly of Virginia:

1. That §§ 8.01-581.1, 8.01-581.13, 38.2-602, and 38.2-3412.1 of the Code of Virginia are amended and reenacted as follows:

§ 8.01-581.1. Definitions.

As used in this chapter:

"Health care" means any act, or treatment performed or furnished, or which should have been performed or furnished, by any health care provider for, to, or on behalf of a patient during the patient's medical diagnosis, care, treatment or confinement.

"Health care provider" means (i) a person, corporation, facility or institution licensed by this Commonwealth to provide health care or professional services as a physician or hospital, dentist, pharmacist, registered nurse or licensed practical nurse or a person who holds a multistate privilege to practice such nursing under the Nurse Licensure Compact, optometrist, podiatrist, chiropractor, physical therapist, physical therapy assistant, clinical psychologist, clinical social worker, professional counselor, *licensed marriage and family therapist*, licensed dental hygienist, health maintenance organization, or emergency medical care attendant or technician who provides services on a fee basis; (ii) a professional corporation, all of whose shareholders or members are so licensed; (iii) a partnership, all of whose partners are so licensed; (iv) a nursing home as defined in § 54.1-3100 except those nursing institutions conducted by and for those who rely upon treatment by spiritual means alone through prayer in accordance with a recognized church or religious denomination; (v) a professional limited liability company comprised of members as described in subdivision A 2 of § 13.1-1102; (vi) a corporation, partnership, limited liability company or any other entity, except a state-operated facility, which employs or engages a licensed health care provider and which primarily renders health care services; or (vii) a director, officer, employee, independent contractor, or agent of the persons or entities referenced herein, acting within the course and scope of his employment or engagement as related to health care or professional services.

"Health maintenance organization" means any person licensed pursuant to Chapter 43 (§ 38.2-4300 et seq.) of Title 38.2 who undertakes to provide or arrange for one or more health care plans.

"Hospital" means a public or private institution licensed pursuant to Chapter 5 (§ 32.1-123 et seq.) of Title 32.1 or Article 2 (§ 37.2-403 et seq.) of Chapter 4 of Title 37.2.

"Impartial attorney" means an attorney who has not represented (i) the claimant, his family, his partners, co-proprietors or his other business interests; or (ii) the health care provider, his family, his partners, co-proprietors or his other business interests.

"Impartial health care provider" means a health care provider who (i) has not examined, treated or been consulted regarding the claimant or his family; (ii) does not anticipate examining, treating, or being consulted regarding the claimant or his family; or (iii) has not been an employee, partner or co-proprietor of the health care provider against whom the claim is asserted.

"Malpractice" means any tort action or breach of contract action for personal injuries or wrongful death, based on health care or professional services rendered, or which should have been rendered, by a health care provider, to a patient.

"Patient" means any natural person who receives or should have received health care from a licensed health care provider except those persons who are given health care in an emergency situation which exempts the health care provider from liability for his emergency services in accordance with § 8.01-225.

"Physician" means a person licensed to practice medicine or osteopathy in this Commonwealth pursuant to Chapter 29 (§ 54.1-2900 et seq.) of Title 54.1.

§ 8.01-581.13. Civil immunity for certain health professionals and health profession students serving as members of certain entities.

A. For the purposes of this subsection, "health professional" means any clinical psychologist, applied psychologist, school psychologist, dentist, licensed professional counselor, licensed substance abuse

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59 treatment practitioner, certified substance abuse counselor, certified substance abuse counseling assistant,
60 *licensed* marriage and family therapist, nurse, optometrist, pharmacist, physician, chiropractor, podiatrist,
61 or veterinarian who is actively engaged in the practice of his profession or any member of the
62 Intervention Program Committee pursuant to Chapter 25.1 (§ 54.1-2515 et seq.) of Title 54.1.

63 Unless such act, decision, or omission resulted from such health professional's bad faith or malicious
64 intent, any health professional, as defined in this subsection, shall be immune from civil liability for any
65 act, decision or omission resulting from his duties as a member or agent of any entity which functions
66 primarily (i) to investigate any complaint that a physical or mental impairment, including alcoholism or
67 drug addiction, has impaired the ability of any such health professional to practice his profession and (ii)
68 to encourage, recommend and arrange for a course of treatment or intervention, if deemed appropriate,
69 or (iii) to review the duration of patient stays in health facilities or delivery of professional services for
70 the purpose of promoting the most efficient use of available health facilities and services, the adequacy
71 and quality of professional services, or the reasonableness or appropriateness of charges made by or on
72 behalf of such health professionals. Such entity shall have been established pursuant to a federal or state
73 law, or by one or more public or licensed private hospitals, or a relevant health professional society,
74 academy or association affiliated with the American Medical Association, the American Dental
75 Association, the American Pharmaceutical Association, the American Psychological Association, the
76 American Podiatric Medical Association, the American Society of Hospitals and Pharmacies, the
77 American Veterinary Medical Association, the American Association for Counseling and Development,
78 the American Optometric Association, International Chiropractic Association, the American Chiropractic
79 Association, the NAADAC: the Association for Addiction Professionals, the American Association for
80 Marriage and Family Therapy or a governmental agency.

81 B. For the purposes of this subsection, "health profession student" means a student in good standing
82 who is enrolled in an accredited school, program, or curriculum in clinical psychology, counseling,
83 dentistry, medicine, nursing, pharmacy, chiropractic, marriage and family therapy, substance abuse
84 treatment, or veterinary medicine and has received training relating to substance abuse.

85 Unless such act, decision, or omission resulted from such health profession student's bad faith or
86 malicious intent, any health profession student, as defined in this subsection, shall be immune from civil
87 liability for any act, decision, or omission resulting from his duties as a member of an entity established
88 by the institution of higher education in which he is enrolled or a professional student's organization
89 affiliated with such institution which functions primarily (i) to investigate any complaint of a physical or
90 mental impairment, including alcoholism or drug addiction, of any health profession student and (ii) to
91 encourage, recommend, and arrange for a course of treatment, if deemed appropriate.

92 C. The immunity provided hereunder shall not extend to any person with respect to actions, decisions
93 or omissions, liability for which is limited under the provisions of the federal Social Security Act or
94 amendments thereto.

95 § 38.2-602. Definitions.

96 As used in this chapter:

97 "Adverse underwriting decision" means:

98 1. Any of the following actions with respect to insurance transactions involving insurance coverage
99 that is individually underwritten:

100 a. A declination of insurance coverage;

101 b. A termination of insurance coverage;

102 c. Failure of an agent to apply for insurance coverage with a specific insurance institution that an
103 agent represents and that is requested by an applicant;

104 d. In the case of a property or casualty insurance coverage:

105 (1) Placement by an insurance institution or agent of a risk with a residual market mechanism or an
106 unlicensed insurer; or

107 (2) The charging of a higher rate on the basis of information that differs from that which the
108 applicant or policyholder furnished; or

109 e. In the case of a life or accident and sickness insurance coverage, an offer to insure at higher than
110 standard rates, or with limitations, exceptions or benefits other than those applied for.

111 2. Notwithstanding subdivision 1 of this definition, the following actions shall not be considered
112 adverse underwriting decisions, but the insurance institution or agent responsible for their occurrence
113 shall provide the applicant or policyholder with the specific reason or reasons for their occurrence:

114 a. The termination of an individual policy form on a class or statewide basis;

115 b. A declination of insurance coverage solely because such coverage is not available on a class or
116 statewide basis;

117 c. The rescission of a policy.

118 "Affiliate" or "affiliated" means a person that directly, or indirectly through one or more
119 intermediaries, controls, is controlled by, or is under common control with another person.

120 "Agent" shall have the meaning as set forth in § 38.2-1800 and shall include surplus lines brokers.

"Applicant" means any person who seeks to contract for insurance coverage other than a person seeking group insurance that is not individually underwritten.

"Clear and conspicuous notice" means a notice that is reasonably understandable and designed to call attention to the nature and significance of the information in the notice.

"Consumer report" means any written, oral, or other communication of information bearing on a natural person's credit worthiness, credit standing, credit capacity, character, general reputation, personal characteristics or mode of living that is used or expected to be used in connection with an insurance transaction.

"Consumer reporting agency" means any person who:

1. Regularly engages, in whole or in part, in the practice of assembling or preparing consumer reports for a monetary fee;

2. Obtains information primarily from sources other than insurance institutions; and

3. Furnishes consumer reports to other persons.

"Control," including the terms "controlled by" or "under common control with," means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract other than a commercial contract for goods or nonmanagement services, or otherwise, unless the power is the result of an official position with or corporate office held by the person.

"Declination of insurance coverage" means a denial, in whole or in part, by an insurance institution or agent of requested insurance coverage.

"Financial information" means personal information other than medical record information or records of payment for the provision of health care to an individual.

"Financial institution" means any institution the business of which is engaging in financial activities as described in Section 4(k) of the Bank Holding Company Act of 1956 (12 U.S.C. § 1843 (k)).

"Financial product or service" means any product or service that a financial holding company could offer by engaging in an activity that is financial in nature or incidental to such a financial activity under Section 4(k) of the Bank Holding Company Act of 1956 (12 U.S.C. § 1843 (k)).

"Individual" means any natural person who:

1. In the case of property or casualty insurance, is a past, present, or proposed named insured or certificate holder;

2. In the case of life or accident and sickness insurance, is a past, present, or proposed principal insured or certificate holder;

3. Is a past, present or proposed policyowner;

4. Is a past or present applicant;

5. Is a past or present claimant;

6. Derived, derives, or is proposed to derive insurance coverage under an insurance policy or certificate subject to this chapter;

7. For the purposes of §§ 38.2-612.1 and 38.2-613, is a beneficiary of a life insurance policy;

8. For the purposes of §§ 38.2-612.1 and 38.2-613, is a mortgagor of a mortgage covered under a mortgage guaranty insurance policy; or

9. For the purposes of §§ 38.2-612.1 and 38.2-613, is an owner of property used as security for an indebtedness for which single interest insurance is required by a lender.

Notwithstanding any provision of this definition to the contrary, for purposes of § 38.2-612.1, "individual" shall not include any natural person who is covered under an employee benefit plan, group or blanket insurance contract, or group annuity contract when the insurance institution or agent that provides such plan or contract: (i) furnishes the notice required under § 38.2-604.1 to the employee benefit plan sponsor, group or blanket insurance contract holder, or group annuity contract holder; and (ii) does not disclose the financial information of the person to a nonaffiliated third party other than as permitted under § 38.2-613.

"Institutional source" means any person or governmental entity that provides information about an individual to an agent, insurance institution or insurance-support organization, other than:

1. An agent;

2. The individual who is the subject of the information; or

3. A natural person acting in a personal capacity rather than in a business or professional capacity.

"Insurance institution" means any corporation, association, partnership, reciprocal exchange, inter-insurer, Lloyd's type of organization, fraternal benefit society, or other person engaged in the business of insurance, including health maintenance organizations, and health, legal, dental, and optometric service plans. "Insurance institution" shall not include agents or insurance-support organizations.

"Insurance-support organization" means any person who regularly engages, in whole or in part, in the practice of assembling or collecting information about natural persons for the primary purpose of

182 providing the information to an insurance institution or agent for insurance transactions, including (i) the
183 furnishing of consumer reports or investigative consumer reports to an insurance institution or agent for
184 use in connection with an insurance transaction or (ii) the collection of personal information from
185 insurance institutions, agents or other insurance-support organizations for the purpose of detecting or
186 preventing fraud, material misrepresentation or material nondisclosure in connection with insurance
187 underwriting or insurance claim activity. However, the following persons shall not be considered
188 "insurance-support organizations" for purposes of this chapter: agents, governmental institutions,
189 insurance institutions, medical-care institutions and medical professionals.

190 "Insurance transaction" means any transaction involving insurance primarily for personal, family, or
191 household needs rather than business or professional needs that entails:

- 192 1. The determination of an individual's eligibility for an insurance coverage, benefit or payment; or
- 193 2. The servicing of an insurance application, policy, contract, or certificate.

194 "Investigative consumer report" means a consumer report or a portion thereof in which information
195 about a natural person's character, general reputation, personal characteristics, or mode of living is
196 obtained through personal interviews with the person's neighbors, friends, associates, acquaintances, or
197 others who may have knowledge concerning such items of information.

198 "Joint marketing agreement" means a formal written contract pursuant to which an insurance
199 institution jointly offers, endorses, or sponsors a financial product or service with another financial
200 institution.

201 "Life insurance" includes annuities.

202 "Medical-care institution" means any facility or institution that is licensed to provide health care
203 services to natural persons, including but not limited to, hospitals, skilled nursing facilities, home-health
204 agencies, medical clinics, rehabilitation agencies, and public-health agencies or health-maintenance
205 organizations.

206 "Medical professional" means any person licensed or certified to provide health care services to
207 natural persons, including but not limited to, a physician, dentist, nurse, chiropractor, optometrist,
208 physical or occupational therapist, psychiatric social worker, clinical dietitian, clinical psychologist,
209 *licensed professional counselor, licensed marriage and family therapist*, pharmacist, or speech therapist.

210 "Medical-record information" means personal information that:

- 211 1. Relates to an individual's physical or mental condition, medical history, or medical treatment; and
- 212 2. Is obtained from a medical professional or medical-care institution, from the individual, or from
213 the individual's spouse, parent, or legal guardian.

214 "Nonaffiliated third party" means any person who is not an affiliate of an insurance institution but
215 does not mean (i) an agent who is selling or servicing a product on behalf of the insurance institution or
216 (ii) a person who is employed jointly by the insurance institution and the company that is not an
217 affiliate.

218 "Personal information" means any individually identifiable information gathered in connection with
219 an insurance transaction from which judgments can be made about an individual's character, habits,
220 avocations, finances, occupation, general reputation, credit, health, or any other personal characteristics.

221 "Personal information" includes an individual's name and address and medical-record information, but
222 does not include (i) privileged information or (ii) any information that is publicly available.

223 "Policyholder" means any person who:

- 224 1. In the case of individual property or casualty insurance, is a present named insured;
- 225 2. In the case of individual life or accident and sickness insurance, is a present policyowner; or
- 226 3. In the case of group insurance that is individually underwritten, is a present group certificate
227 holder.

228 "Policyholder information" means personal information about a policyholder, whether in paper,
229 electronic, or other form, that is maintained by or on behalf of an insurance institution, agent, or
230 insurance-support organization.

231 "Pretext interview" means an interview whereby a person, in an attempt to obtain information about a
232 natural person, performs one or more of the following acts:

- 233 1. Pretends to be someone he or she is not;
- 234 2. Pretends to represent a person he or she is not in fact representing;
- 235 3. Misrepresents the true purpose of the interview; or
- 236 4. Refuses to identify himself or herself upon request.

237 "Privileged information" means any individually identifiable information that (i) relates to a claim for
238 insurance benefits or a civil or criminal proceeding involving an individual, and (ii) is collected in
239 connection with or in reasonable anticipation of a claim for insurance benefits or civil or criminal
240 proceeding involving an individual.

241 "Residual market mechanism" means an association, organization, or other entity defined, described,
242 or provided for in the Virginia Automobile Insurance Plan as set forth in § 38.2-2015, or in the Virginia
243 Property Insurance Association as set forth in Chapter 27 (§ 38.2-2700 et seq.) of this title.

"Termination of insurance coverage" or "termination of an insurance policy" means either a cancellation or nonrenewal of an insurance policy other than by the policyholder's request, in whole or in part, for any reason other than the failure to pay a premium as required by the policy.

"Unlicensed insurer" means an insurance institution that has not been granted a license by the Commission to transact the business of insurance in Virginia.

§ 38.2-3412.1. Coverage for mental health and substance abuse services.

A. As used in this section:

"Adult" means any person who is nineteen years of age or older.

"Alcohol or drug rehabilitation facility" means a facility in which a state-approved program for the treatment of alcoholism or drug addiction is provided. The facility shall be either (i) licensed by the State Board of Health pursuant to Chapter 5 (§ 32.1-123 et seq.) of Title 32.1 or by the State Mental Health, Mental Retardation and Substance Abuse Services Board pursuant to Article 2 (§ 37.2-403 et seq.) of Chapter 4 of Title 37.2 or (ii) a state agency or institution.

"Child or adolescent" means any person under the age of nineteen years.

"Inpatient treatment" means mental health or substance abuse services delivered on a twenty-four-hour per day basis in a hospital, alcohol or drug rehabilitation facility, an intermediate care facility or an inpatient unit of a mental health treatment center.

"Intermediate care facility" means a licensed, residential public or private facility that is not a hospital and that is operated primarily for the purpose of providing a continuous, structured twenty-four-hour per day, state-approved program of inpatient substance abuse services.

"Medication management visit" means a visit no more than twenty minutes in length with a licensed physician or other licensed health care provider with prescriptive authority for the sole purpose of monitoring and adjusting medications prescribed for mental health or substance abuse treatment.

"Mental health services" means treatment for mental, emotional or nervous disorders.

"Mental health treatment center" means a treatment facility organized to provide care and treatment for mental illness through multiple modalities or techniques pursuant to a written plan approved and monitored by a physician, clinical psychologist, or a psychologist licensed to practice in this Commonwealth. The facility shall be (i) licensed by the Commonwealth, (ii) funded or eligible for funding under federal or state law, or (iii) affiliated with a hospital under a contractual agreement with an established system for patient referral.

"Outpatient treatment" means mental health or substance abuse treatment services rendered to a person as an individual or part of a group while not confined as an inpatient. Such treatment shall not include services delivered through a partial hospitalization or intensive outpatient program as defined herein.

"Partial hospitalization" means a licensed or approved day or evening treatment program that includes the major diagnostic, medical, psychiatric and psychosocial rehabilitation treatment modalities designed for patients with mental, emotional, or nervous disorders, and alcohol or other drug dependence who require coordinated, intensive, comprehensive and multi-disciplinary treatment. Such a program shall provide treatment over a period of six or more continuous hours per day to individuals or groups of individuals who are not admitted as inpatients. Such term shall also include intensive outpatient programs for the treatment of alcohol or other drug dependence which provide treatment over a period of three or more continuous hours per day to individuals or groups of individuals who are not admitted as inpatients.

"Substance abuse services" means treatment for alcohol or other drug dependence.

"Treatment" means services including diagnostic evaluation, medical, psychiatric and psychological care, and psychotherapy for mental, emotional or nervous disorders or alcohol or other drug dependence rendered by a hospital, alcohol or drug rehabilitation facility, intermediate care facility, mental health treatment center, a physician, psychologist, clinical psychologist, licensed clinical social worker, licensed professional counselor, licensed substance abuse treatment practitioner, *licensed* marriage and family therapist or clinical nurse specialist who renders mental health services. Treatment for physiological or psychological dependence on alcohol or other drugs shall also include the services of counseling and rehabilitation as well as services rendered by a state certified alcoholism, drug, or substance abuse counselor or substance abuse counseling assistant, limited to the scope of practice set forth in § 54.1-3507.1 or § 54.1-3507.2, respectively, employed by a facility or program licensed to provide such treatment.

B. Each individual and group accident and sickness insurance policy or individual and group subscription contract providing coverage on an expense-incurred basis for a family member of the insured or the subscriber shall provide coverage for inpatient and partial hospitalization mental health and substance abuse services as follows:

1. Treatment for an adult as an inpatient at a hospital, inpatient unit of a mental health treatment center, alcohol or drug rehabilitation facility or intermediate care facility for a minimum period of

305 twenty days per policy or contract year.

306 2. Treatment for a child or adolescent as an inpatient at a hospital, inpatient unit of a mental health
307 treatment center, alcohol or drug rehabilitation facility or intermediate care facility for a minimum period
308 of twenty-five days per policy or contract year.

309 3. Up to ten days of the inpatient benefit set forth in subdivisions 1 and 2 of this subsection may be
310 converted when medically necessary at the option of the person or the parent, as defined in § 16.1-336,
311 of a child or adolescent receiving such treatment to a partial hospitalization benefit applying a formula
312 which shall be no less favorable than an exchange of 1.5 days of partial hospitalization coverage for
313 each inpatient day of coverage. An insurance policy or subscription contract described herein which
314 provides inpatient benefits in excess of twenty days per policy or contract year for adults or twenty-five
315 days per policy or contract year for a child or adolescent may provide for the conversion of such excess
316 days on the terms set forth in this subdivision.

317 4. The limits of the benefits set forth in this subsection shall not be more restrictive than for any
318 other illness, except that the benefits may be limited as set out in this subsection.

319 5. This subsection shall not apply to short-term travel, accident only, limited or specified disease
320 policies or contracts, nor to policies or contracts designed for issuance to persons eligible for coverage
321 under Title XVIII of the Social Security Act, known as Medicare, or any other similar coverage under
322 state or federal governmental plans.

323 C. Each individual and group accident and sickness insurance policy or individual and group
324 subscription contract providing coverage on an expense-incurred basis for a family member of the
325 insured or the subscriber shall also provide coverage for outpatient mental health and substance abuse
326 services as follows:

327 1. A minimum of twenty visits for outpatient treatment of an adult, child or adolescent shall be
328 provided in each policy or contract year.

329 2. The limits of the benefits set forth in this subsection shall be no more restrictive than the limits of
330 benefits applicable to physical illness; however, the coinsurance factor applicable to any outpatient visit
331 beyond the first five of such visits covered in any policy or contract year shall be at least fifty percent.

332 3. For the purpose of this section, medication management visits shall be covered in the same
333 manner as a medication management visit for the treatment of physical illness and shall not be counted
334 as an outpatient treatment visit in the calculation of the benefit set forth herein.

335 4. For the purpose of this subsection, if all covered expenses for a visit for outpatient mental health
336 or substance abuse treatment apply toward any deductible required by a policy or contract, such visit
337 shall not count toward the outpatient visit benefit maximum set forth in the policy or contract.

338 5. This subsection shall not apply to short-term travel, accident only, or limited or specified disease
339 policies or contracts, nor to policies or contracts designed for issuance to persons eligible for coverage
340 under Title XVIII of the Social Security Act, known as Medicare, or any other similar coverage under
341 state or federal governmental plans.

342 D. The provisions of this section shall not be applicable to "biologically based mental illnesses," as
343 defined in § 38.2-3412.1:01, unless coverage for any such mental illness is not otherwise available
344 pursuant to the provisions § 38.2-3412.1:01.

345 E. The requirements of this section shall apply to all insurance policies and subscription contracts
346 delivered, issued for delivery, reissued, or extended, or at any time when any term of the policy or
347 contract is changed or any premium adjustment made.