

By: Thompson of Harris, Cortez, Lujan,  
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H.B. No. 340

A BILL TO BE ENTITLED

1 AN ACT  
2 relating to the requirement and study of insurance coverage for  
3 serious emotional disturbance of a child.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Section 1355.001, Insurance Code, is amended by  
6 adding Subdivision (5) to read as follows:

7 (5) "Serious emotional disturbance of a child" means a  
8 diagnosable mental, behavioral, or emotional disorder of  
9 sufficient duration to meet diagnostic criteria specified in the  
10 Diagnostic and Statistical Manual of Mental Disorders that results  
11 in functional impairment that substantially interferes with or  
12 limits a child's role or functioning in family, school, or  
13 community services and that:

14 (A) has been diagnosed or identified, as  
15 applicable, in a person who is at least three years of age and  
16 younger than 18 years of age by:

17 (i) a physician licensed to practice  
18 medicine in this state and practicing within the scope of the  
19 physician's license; or

20 (ii) a psychologist, licensed professional  
21 counselor, licensed marriage and family therapist, or licensed  
22 clinical social worker licensed to practice in this state and  
23 practicing within the scope of the applicable license; and

24 (B) meets at least one of the following criteria:

1                   (i) the disorder substantially impairs the  
2 person's ability in at least two of the following activities or  
3 tasks:

4                   (a) self-care;

5                   (b) engaging in family relationships;

6                   (c) functioning in school; or

7                   (d) functioning in the community;

8                   (ii) the disorder creates a risk that the  
9 person will be removed from the person's home and placed in a more  
10 restrictive environment, including in a facility or program  
11 operated by the Department of Family and Protective Services or an  
12 agency that is part of the juvenile justice system;

13                   (iii) the disorder causes the person to:

14                   (a) display psychotic features or  
15 violent behavior; or

16                   (b) pose a danger to the person's self  
17 or others; or

18                   (iv) the disorder results in the person  
19 meeting state special education eligibility requirements for  
20 emotional disturbance.

21           SECTION 2. Subchapter A, Chapter 1355, Insurance Code, is  
22 amended by adding Section 1355.0041 to read as follows:

23           Sec. 1355.0041. REQUIRED COVERAGE FOR SERIOUS EMOTIONAL  
24 DISTURBANCE OF A CHILD. (a) A group health benefit plan:

25                   (1) must provide coverage for serious emotional  
26 disturbance of a child, based on medical necessity, for not less  
27 than the following treatments in each calendar year:

1           (A) 45 days of inpatient treatment; and

2           (B) 60 visits for outpatient treatment,  
3 including group and individual outpatient treatment;

4           (2) may not include a lifetime limitation on the  
5 number of days of inpatient treatment or the number of visits for  
6 outpatient treatment covered under the plan; and

7           (3) must include the same amount limitations,  
8 deductibles, copayments, and coinsurance factors for serious  
9 emotional disturbance of a child as the plan includes for physical  
10 illness.

11           (b) A group health benefit plan issuer:

12           (1) may not count an outpatient visit for medication  
13 management against the number of outpatient visits required to be  
14 covered under Subsection (a)(1)(B); and

15           (2) must provide coverage for an outpatient visit  
16 described by Subsection (a)(1)(B) under the same terms as the  
17 coverage the issuer provides for an outpatient visit for the  
18 treatment of physical illness.

19           (c) The department shall conduct a study to determine and  
20 evaluate the extent to which enrollees are making claims under  
21 coverage for serious emotional disturbance of a child and the  
22 impact, if any, the coverage for serious emotional disturbance of a  
23 child and the claims have on the cost of the coverage for group  
24 health benefit plans.

25           (d) Not later than December 1, 2024, the department shall  
26 submit to the governor, the lieutenant governor, the speaker of the  
27 house of representatives, and the appropriate standing committees

1 of the legislature a report regarding the results of the study  
2 required by Subsection (c), together with any recommendations for  
3 legislation.

4 (e) This subsection and Subsections (c) and (d) expire  
5 September 1, 2025.

6 SECTION 3. Sections 1355.005 and 1355.007, Insurance Code,  
7 are amended to read as follows:

8 Sec. 1355.005. MANAGED CARE PLAN AUTHORIZED. A group  
9 health benefit plan issuer may provide or offer coverage required  
10 by Section 1355.004 or 1355.0041 through a managed care plan.

11 Sec. 1355.007. SMALL EMPLOYER COVERAGE. An issuer of a  
12 group health benefit plan to a small employer must offer the  
13 coverage described by Section 1355.004 or 1355.0041 to the employer  
14 but is not required to provide the coverage if the employer rejects  
15 the coverage.

16 SECTION 4. Section 1355.054(a), Insurance Code, is amended  
17 to read as follows:

18 (a) Benefits of coverage provided under this subchapter may  
19 be used only in a situation in which:

20 (1) the covered individual has a serious mental  
21 illness or serious emotional disturbance of a child as defined by  
22 Section 1355.001 that requires confinement of the individual in a  
23 hospital unless treatment is available through a residential  
24 treatment center for children and adolescents or a crisis  
25 stabilization unit; and

26 (2) the covered individual's mental illness or  
27 emotional disturbance:

1                   (A) substantially impairs the individual's  
2 thought, perception of reality, emotional process, or judgment; or

3                   (B) as manifested by the individual's recent  
4 disturbed behavior, grossly impairs the individual's behavior.

5           SECTION 5. The change in law made by this Act applies only  
6 to a group health benefit plan that is delivered, issued for  
7 delivery, or renewed on or after January 1, 2024. A group health  
8 benefit plan that is delivered, issued for delivery, or renewed  
9 before January 1, 2024, is governed by the law as it existed  
10 immediately before the effective date of this Act, and that law is  
11 continued in effect for that purpose.

12           SECTION 6. This Act takes effect September 1, 2023.