

## **BILL ANALYSIS**

H.B. 4713  
By: Plesa  
Insurance  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

According to the Meadows Mental Health Policy Institute, about 3,000 Texas youth and young adults ages 12-35 experience their first episode of psychosis (FEP) each year, and the state currently has capacity to serve only approximately 35 percent of these individuals. Coordinated specialty care (CSC) is the gold standard of care for FEP treatment, which is a multidisciplinary team-based approach that promotes patient choice and easy access to care, is cost-effective, and improves the quality of life and mental health outcomes of individuals experiencing FEP. The Meadows Mental Health Policy Institute further indicated that individuals who receive treatment using a CSC approach within the first 17 months of the onset of psychosis symptoms have a better quality of life and are more involved in work and school. However, commercial insurances do not cover CSC services for children and youth. H.B. 4713 seeks to address the gap in coverage by requiring group health benefit plans to provide coverage for certain individuals diagnosed with FEP, including coverage for CSC services.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that rulemaking authority is expressly granted to the Texas Department of Insurance in SECTION 4 of this bill.

### **ANALYSIS**

H.B. 4713 amends the Insurance Code to require a group health benefit plan to provide coverage, based on medical necessity, to an individual who is younger than 26 years of age and who is diagnosed with first episode psychosis, defined by the bill as the initial onset of psychosis or symptoms associated with psychosis that is caused by medical or neurological conditions, serious mental illness, or substance use. The bill requires the group health benefit plan to provide coverage to the enrollee for all generally recognized services prescribed in relation to first episode psychosis, including the following:

- coordinated specialty care for first episode psychosis treatment, covering each element of the treatment model included in the recovery after an initial schizophrenia episode early treatment program study conducted by the National Institute of Mental Health regarding treatment for psychosis, including certain specified elements;
- assertive community treatment as described by the Health and Human Services Commission's (HHSC) Texas resilience and recovery utilization management guidelines for adult services; and
- peer support services, including certain specified services.

The bill establishes that only coordinated specialty care or assertive community treatment provided by a provider that adheres to the fidelity of the applicable treatment model and that has

contracted with HHSC to provide such care or treatment for first episode psychosis is required to be covered.

H.B. 4713 establishes that all members of a treatment team to provide generally recognized services for the treatment of first episode psychosis serving under a psychiatrist or licensed clinical leader who is credentialed by a group health benefit plan issuer are considered to also be credentialed by the issuer. The bill requires a group health benefit plan issuer to reimburse a provider of coordinated specialty care or assertive community treatment for first episode psychosis based on a bundled payment model instead of providing reimbursement for each service provided to the enrollee by the member of a treatment team. The bill requires the Texas Department of Insurance (TDI), if requested by a group health benefit plan issuer on or after March 1, 2029, to contract with an independent third party with expertise in analyzing health benefit plan premiums and costs to perform an independent analysis of the impact of requiring coverage of the team-based treatment models on health benefit plan premiums. If the analysis finds that premiums increased annually by more than one percent solely due to requiring coverage of a specific treatment model, a group health benefit plan is not required to provide coverage for that treatment model.

H.B. 4713 requires TDI to convene and lead a work group that includes HHSC, providers of generally recognized services, and group health benefit plan issuers as soon as practicable after the bill's effective date. The bill requires the work group to do the following:

- develop the criteria to be used to determine medical necessity for purposes of coverage under the bill;
- determine a coding solution that allows for coordinated specialty care and assertive community treatment to be coded and reimbursed as a bundle of services as required by the bill; and
- not later than January 1, 2024, make recommendations to TDI based on its findings.

The bill requires TDI, not later than March 30, 2024, to adopt rules establishing those criteria for determining medical necessity, creating that coding solution allowing for reimbursement based on a bundled payment model, and otherwise necessary to implement the bill.

H.B. 4713 applies only to a health benefit plan that is delivered, issued for delivery, or renewed on or after March 30, 2024. The bill makes its provisions requiring coverage for early treatment of first episode psychosis applicable to Medicaid, including the Medicaid managed care program. The bill provides for the delayed implementation of any provision for which an applicable state agency determines a federal waiver or authorization is necessary for implementation until the waiver or authorization is requested and granted.

#### **EFFECTIVE DATE**

September 1, 2023.