

STATE OF NEW YORK

4867

2025-2026 Regular Sessions

IN SENATE

February 13, 2025

Introduced by Sen. FAHY -- read twice and ordered printed, and when printed to be committed to the Committee on Insurance

AN ACT to amend the insurance law, in relation to prohibiting the application of fail-first or step therapy protocols to coverage for the diagnosis and treatment of serious mental health conditions

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. Item (ii) of subparagraph (A) and subparagraphs (C) and (E)
2 of paragraph 35 of subsection (i) of section 3216 of the insurance law,
3 item (ii) of subparagraph (A) as amended by chapter 62 of the laws of
4 2023 and subparagraphs (C) and (E) as added by section 8 of subpart A of
5 part BB of chapter 57 of the laws of 2019, are amended to read as
6 follows:

7 (ii) where the policy provides coverage for physician services, such
8 policy shall include benefits for outpatient care provided by a psychia-
9 trist or psychologist licensed to practice in this state, a licensed
10 clinical social worker within the lawful scope of [~~his or her~~] their
11 practice, who is licensed pursuant to article one hundred fifty-four of
12 the education law, a mental health counselor, marriage and family thera-
13 pist, or psychoanalyst licensed pursuant to article one hundred sixty-
14 three of the education law, a nurse practitioner licensed to practice in
15 this state, or a professional corporation or university faculty practice
16 corporation thereof, including outpatient drug coverage. Nothing herein
17 shall be construed to modify or expand the scope of practice of a mental
18 health counselor, marriage and family therapist, or psychoanalyst
19 licensed pursuant to article one hundred sixty-three of the education
20 law. Further, nothing herein shall be construed to create a new mandated
21 health benefit.

22 (C) Coverage under this paragraph shall not apply financial require-
23 ments or treatment limitations to mental health benefits, including
24 outpatient drug coverage, that are more restrictive than the predominant

EXPLANATION--Matter in italics (underscored) is new; matter in brackets
[-] is old law to be omitted.

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1 financial requirements and treatment limitations applied to substantial-
2 ly all medical and surgical benefits covered by the policy. Coverage
3 under this paragraph, including drug coverage, shall not apply any of
4 the following to a drug or drugs prescribed for a serious mental health
5 condition:

6 (i) a fail-first or step therapy protocol, as defined by section four
7 thousand nine hundred of this chapter; or

8 (ii) a prior authorization requirement, as established pursuant to
9 subsection (h) of section four thousand nine hundred three of this chap-
10 ter.

11 (E) For purposes of this paragraph:

12 (i) "financial requirement" means deductible, copayments, coinsurance
13 and out-of-pocket expenses;

14 (ii) "predominant" means that a financial requirement or treatment
15 limitation is the most common or frequent of such type of limit or
16 requirement;

17 (iii) "treatment limitation" means limits on the frequency of treat-
18 ment, number of visits, days of coverage, or other similar limits on the
19 scope or duration of treatment and includes nonquantitative treatment
20 limitations such as: medical management standards limiting or excluding
21 benefits based on medical necessity, or based on whether the treatment
22 is experimental or investigational; formulary design for prescription
23 drugs; network tier design; standards for provider admission to partic-
24 ipate in a network, including reimbursement rates; methods for determin-
25 ing usual, customary, and reasonable charges; fail-first or step therapy
26 protocols; exclusions based on failure to complete a course of treat-
27 ment; and restrictions based on geographic location, facility type,
28 provider specialty, and other criteria that limit the scope or duration
29 of benefits for services provided under the policy; ~~and~~

30 (iv) "mental health condition" means any mental health disorder as
31 defined in the most recent edition of the diagnostic and statistical
32 manual of mental disorders or the most recent edition of another gener-
33 ally recognized independent standard of current medical practice such as
34 the international classification of diseases[-]; ~~and~~

35 (v) "serious mental health condition" means the following mental
36 health disorders as defined in the most recent edition of the diagnostic
37 and statistical manual of mental disorders:

38 (I) bipolar disorders (hypomanic, manic, depressive, and mixed);

39 (II) depression in childhood and adolescence;

40 (III) major depressive disorders (single episode or recurrent);

41 (IV) obsessive-compulsive disorders;

42 (V) paranoid and other psychotic disorders;

43 (VI) schizoaffective disorders (bipolar or depressive); and

44 (VII) schizophrenia.

45 § 1-a. Items (vi) and (vii) of subparagraph (E) of paragraph 35 of
46 subsection (i) of section 3216 of the insurance law, as added by section
47 2 of subpart A of part II of chapter 57 of the laws of 2023, are amended
48 and a new item (viii) is added to read as follows:

49 (vi) "critical time intervention services" means services rendered by
50 a provider licensed under article thirty-one of the mental hygiene law
51 that provides evidence-based, therapeutic interventions that include
52 intensive outreach, engagement, and care coordination services that are
53 provided to an insured before the insured is discharged from inpatient
54 care in a hospital as defined by subdivision ten of section 1.03 of the
55 mental hygiene law or the emergency department of a hospital licensed

1 pursuant to article twenty-eight of the public health law and continue
2 after discharge until the insured is stabilized; [~~and~~]

3 (vii) "residential facility" means crisis residence facilities and
4 community residences for eating disorder integrated treatment programs
5 licensed pursuant to article thirty-one of the mental hygiene law[~~+~~];
6 and

7 (viii) "serious mental health condition" means the following mental
8 health disorders as defined in the most recent edition of the diagnostic
9 and statistical manual of mental disorders:

10 (I) bipolar disorders (hypomanic, manic, depressive, and mixed);

11 (II) depression in childhood and adolescence;

12 (III) major depressive disorders (single episode or recurrent);

13 (IV) obsessive-compulsive disorders;

14 (V) paranoid and other psychotic disorders;

15 (VI) schizoaffective disorders (bipolar or depressive); and

16 (VII) schizophrenia.

17 § 2. Item (ii) of subparagraph (A) and subparagraphs (C) and (E) of
18 paragraph 5 of subsection (1) of section 3221 of the insurance law, item
19 (ii) of subparagraph (A) as amended by chapter 62 of the laws of 2023
20 and subparagraphs (C) and (E) as added by section 14 of subpart A of
21 part BB of chapter 57 of the laws of 2019, are amended to read as
22 follows:

23 (ii) where the policy provides coverage for physician services, it
24 shall include benefits for outpatient care provided by a psychiatrist or
25 psychologist licensed to practice in this state, or a mental health
26 counselor, marriage and family therapist, or psychoanalyst licensed
27 pursuant to article one hundred sixty-three of the education law, or a
28 licensed clinical social worker within the lawful scope of [~~his or her~~]
29 their practice, who is licensed pursuant to article one hundred fifty-
30 four of the education law, a nurse practitioner licensed to practice in
31 this state, or a professional corporation or university faculty practice
32 corporation thereof, including outpatient drug coverage. Nothing herein
33 shall be construed to modify or expand the scope of practice of a mental
34 health counselor, marriage and family therapist, or psychoanalyst
35 licensed pursuant to article one hundred sixty-three of the education
36 law. Further, nothing herein shall be construed to create a new mandated
37 health benefit.

38 (C) Coverage under this paragraph shall not apply financial require-
39 ments or treatment limitations to mental health benefits, including
40 outpatient drug coverage, that are more restrictive than the predominant
41 financial requirements and treatment limitations applied to substantial-
42 ly all medical and surgical benefits covered by the policy. Coverage
43 under this paragraph, including drug coverage, shall not apply any of
44 the following to a drug or drugs prescribed for a serious mental health
45 condition:

46 (i) a fail-first or step therapy protocol, as defined by section four
47 thousand nine hundred of this chapter; or

48 (ii) a prior authorization requirement, as established pursuant to
49 subsection (h) of section four thousand nine hundred three of this chap-
50 ter.

51 (E) For purposes of this paragraph:

52 (i) "financial requirement" means deductible, copayments, coinsurance
53 and out-of-pocket expenses;

54 (ii) "predominant" means that a financial requirement or treatment
55 limitation is the most common or frequent of such type of limit or
56 requirement;

1 (iii) "treatment limitation" means limits on the frequency of treat-
2 ment, number of visits, days of coverage, or other similar limits on the
3 scope or duration of treatment and includes nonquantitative treatment
4 limitations such as: medical management standards limiting or excluding
5 benefits based on medical necessity, or based on whether the treatment
6 is experimental or investigational; formulary design for prescription
7 drugs; network tier design; standards for provider admission to partic-
8 ipate in a network, including reimbursement rates; methods for determin-
9 ing usual, customary, and reasonable charges; fail-first or step therapy
10 protocols; exclusions based on failure to complete a course of treat-
11 ment; and restrictions based on geographic location, facility type,
12 provider specialty, and other criteria that limit the scope or duration
13 of benefits for services provided under the policy; [~~and~~]

14 (iv) "mental health condition" means any mental health disorder as
15 defined in the most recent edition of the diagnostic and statistical
16 manual of mental disorders or the most recent edition of another gener-
17 ally recognized independent standard of current medical practice such as
18 the international classification of diseases[~~-~~]; and

19 (v) "serious mental health condition" means the following mental
20 health disorders as defined in the most recent edition of the diagnostic
21 and statistical manual of mental disorders:

22 (I) bipolar disorders (hypomanic, manic, depressive, and mixed);

23 (II) depression in childhood and adolescence;

24 (III) major depressive disorders (single episode or recurrent);

25 (IV) obsessive-compulsive disorders;

26 (V) paranoid and other psychotic disorders;

27 (VI) schizoaffective disorders (bipolar or depressive); and

28 (VII) schizophrenia.

29 § 2-a. Items (vi) and (vii) of subparagraph (E) of paragraph 5 of
30 subsection (1) of section 3221 of the insurance law, as added by section
31 6 of subpart A of part II of chapter 57 of the laws of 2023, are amended
32 and a new item (viii) is added to read as follows:

33 (vi) "critical time intervention services" means services rendered by
34 a provider licensed under article thirty-one of the mental hygiene law
35 that provides evidence-based, therapeutic interventions that include
36 intensive outreach, engagement, and care coordination services that are
37 provided to an insured before the insured is discharged from inpatient
38 care in a hospital as defined by subdivision ten of section 1.03 of the
39 mental hygiene law or the emergency department of a hospital licensed
40 pursuant to article twenty-eight of the public health law and continue
41 after discharge until the insured is stabilized; [~~and~~]

42 (vii) "residential facility" means crisis residence facilities and
43 community residences for eating disorder integrated treatment programs
44 licensed pursuant to article thirty-one of the mental hygiene law[~~-~~];
45 and

46 (viii) "serious mental health condition" means the following mental
47 health disorders as defined in the most recent edition of the diagnostic
48 and statistical manual of mental disorders:

49 (I) bipolar disorders (hypomanic, manic, depressive, and mixed);

50 (II) depression in childhood and adolescence;

51 (III) major depressive disorders (single episode or recurrent);

52 (IV) obsessive-compulsive disorders;

53 (V) paranoid and other psychotic disorders;

54 (VI) schizoaffective disorders (bipolar or depressive); and

55 (VII) schizophrenia.

1 § 3. Paragraphs 2, 4 and 6 of subsection (g) of section 4303 of the
2 insurance law, paragraph 2 as amended by chapter 62 of the laws of 2023,
3 and paragraphs 4 and 6 as added by section 23 of subpart A of part BB of
4 chapter 57 of the laws of 2019, are amended to read as follows:

5 (2) where the contract provides coverage for physician services such
6 contract shall provide benefits for outpatient care provided by a
7 psychiatrist or psychologist licensed to practice in this state, or a
8 mental health counselor, marriage and family therapist, or psychoanalyst
9 licensed pursuant to article one hundred sixty-three of the education
10 law, or a licensed clinical social worker within the lawful scope of
11 [~~his or her~~] their practice, who is licensed pursuant to article one
12 hundred fifty-four of the education law, a nurse practitioner licensed
13 to practice in this state, or professional corporation or university
14 faculty practice corporation thereof, including outpatient drug
15 coverage. Nothing herein shall be construed to modify or expand the
16 scope of practice of a mental health counselor, marriage and family
17 therapist, or psychoanalyst licensed pursuant to article one hundred
18 sixty-three of the education law. Further, nothing herein shall be
19 construed to create a new mandated health benefit.

20 (4) Coverage under this subsection shall not apply financial require-
21 ments or treatment limitations to mental health benefits, including
22 outpatient drug coverage, that are more restrictive than the predominant
23 financial requirements and treatment limitations applied to substantial-
24 ly all medical and surgical benefits covered by the contract. Coverage
25 under this paragraph, including drug coverage, shall not apply any of
26 the following to a drug or drugs prescribed for a serious mental health
27 condition:

28 (i) a fail-first or step therapy protocol, as defined by section four
29 thousand nine hundred of this chapter; or

30 (ii) a prior authorization requirement, as established pursuant to
31 subsection (h) of section four thousand nine hundred three of this chap-
32 ter.

33 (6) For purposes of this subsection:

34 (A) "financial requirement" means deductible, copayments, coinsurance
35 and out-of-pocket expenses;

36 (B) "predominant" means that a financial requirement or treatment
37 limitation is the most common or frequent of such type of limit or
38 requirement;

39 (C) "treatment limitation" means limits on the frequency of treatment,
40 number of visits, days of coverage, or other similar limits on the scope
41 or duration of treatment and includes nonquantitative treatment limita-
42 tions such as: medical management standards limiting or excluding bene-
43 fits based on medical necessity, or based on whether the treatment is
44 experimental or investigational; formulary design for prescription
45 drugs; network tier design; standards for provider admission to partic-
46 ipate in a network, including reimbursement rates; methods for determin-
47 ing usual, customary, and reasonable charges; fail-first or step therapy
48 protocols; exclusions based on failure to complete a course of treat-
49 ment; and restrictions based on geographic location, facility type,
50 provider specialty, and other criteria that limit the scope or duration
51 of benefits for services provided under the contract; [~~and~~]

52 (D) "mental health condition" means any mental health disorder as
53 defined in the most recent edition of the diagnostic and statistical
54 manual of mental disorders or the most recent edition of another gener-
55 ally recognized independent standard of current medical practice such as
56 the international classification of diseases[-]; and

1 (E) "serious mental health condition" means the following mental
2 health disorders as defined in the most recent edition of the diagnostic
3 and statistical manual of mental disorders:

- 4 (i) bipolar disorders (hypomanic, manic, depressive, and mixed);
- 5 (ii) depression in childhood and adolescence;
- 6 (iii) major depressive disorders (single episode or recurrent);
- 7 (iv) obsessive-compulsive disorders;
- 8 (v) paranoid and other psychotic disorders;
- 9 (vi) schizoaffective disorders (bipolar or depressive); and
- 10 (vii) schizophrenia.

11 § 3-a. Subparagraphs (F) and (G) of paragraph 6 of subsection (g) of
12 section 4303 of the insurance law, as added by section 10 of subpart A
13 of part II of chapter 57 of the laws of 2023, are amended and a new
14 subparagraph (H) is added to read as follows:

15 (F) "critical time intervention services" means services rendered by a
16 provider licensed under article thirty-one of the mental hygiene law
17 that provides evidence-based, therapeutic interventions that include
18 intensive outreach, engagement, and care coordination services that are
19 provided to an insured before the insured is discharged from inpatient
20 care in a hospital as defined by subdivision ten of section 1.03 of the
21 mental hygiene law or the emergency department of a hospital licensed
22 pursuant to article twenty-eight of the public health law and continue
23 after discharge until the insured is stabilized; ~~and~~

24 (G) "residential facility" means crisis residence facilities and
25 community residences for eating disorder integrated treatment programs
26 licensed pursuant to article thirty-one of the mental hygiene law~~;~~
27 and

28 (H) "serious mental health condition" means the following mental
29 health disorders as defined in the most recent edition of the diagnostic
30 and statistical manual of mental disorders:

- 31 (i) bipolar disorders (hypomanic, manic, depressive, and mixed);
- 32 (ii) depression in childhood and adolescence;
- 33 (iii) major depressive disorders (single episode or recurrent);
- 34 (iv) obsessive-compulsive disorders;
- 35 (v) paranoid and other psychotic disorders;
- 36 (vi) schizoaffective disorders (bipolar or depressive); and
- 37 (vii) schizophrenia.

38 § 4. This act shall take effect on the first of January next succeed-
39 ing the date on which it shall have become a law and shall apply to all
40 policies and contracts issued, renewed, modified, altered or amended on
41 or after such date; provided however, that if subpart A of part II of
42 chapter 57 of the laws of 2023 shall not have taken effect on or before
43 such date then sections one-a, two-a and three-a of this act shall take
44 effect on the same date and in the same manner as such subpart of such
45 part of such chapter of the laws of 2023 takes effect.