

FEB 12 1998

COMMERCE AND REGULATION

HOUSE FILE

*2240*

BY BURNETT, REYNOLDS-KNIGHT,  
FALCK, BERNAU, MERTZ,  
WHITEAD, MASCHER, DOTZLER,  
CONNORS, FOEGE, WITT,  
DODERER, OSTERHAUS, and FREVERT

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_

Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_

Approved \_\_\_\_\_

**A BILL FOR**

1 An Act relating to third-party payment of health care coverage  
2 costs for mental health and substance abuse treatment  
3 services.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21

*HF 2240*

1 Section 1. NEW SECTION. 514C.14 MANDATED COVERAGE FOR  
2 MENTAL HEALTH.

3 1. a. Notwithstanding section 514C.6, a policy or  
4 contract providing for third-party payment or prepayment of  
5 health or medical expenses shall provide coverage benefits for  
6 mental health conditions based on rates, terms, and conditions  
7 which are no more restrictive than the rates, terms, and  
8 conditions for coverage benefits provided for other health or  
9 medical conditions under the policy or contract.

10 Additionally, any rates, terms, and conditions involving  
11 deductibles, copayments, coinsurance, and any other cost-  
12 sharing requirements shall be cumulative for coverage of both  
13 mental health conditions and other health or medical  
14 conditions under the policy or contract.

15 b. Coverage required under this subsection shall be as  
16 follows:

17 (1) For the treatment of mental illness, coverage shall be  
18 for services provided by a licensed mental health  
19 professional, or services provided in a licensed hospital or  
20 health facility.

21 (2) For the treatment of alcohol or substance abuse,  
22 coverage shall be for services provided by a substance abuse  
23 counselor, as approved by the department of human services, a  
24 licensed health facility providing a program for the treatment  
25 of alcohol or substance abuse approved by the department of  
26 human services, or a licensed substance abuse treatment and  
27 rehabilitation facility.

28 2. This section applies to the following classes of third-  
29 party payment provider contracts or policies delivered, issued  
30 for delivery, continued, or renewed in this state on or after  
31 January 1, 1999:

32 a. Individual or group accident and sickness insurance  
33 providing coverage on an expense-incurred basis.

34 b. An individual or group hospital or medical service  
35 contract issued pursuant to chapter 509, 514, or 514A.

1 c. An individual or group health maintenance organization  
2 contract regulated under chapter 514B.

3 d. An individual or group Medicare supplemental policy,  
4 unless coverage pursuant to such policy is preempted by  
5 federal law.

6 e. Any other entity engaged in the business of insurance,  
7 risk transfer, or risk retention, which is subject to the  
8 jurisdiction of the commissioner.

9 f. An organized delivery system licensed by the director  
10 of public health.

11 3. For purposes of this section, unless the context  
12 otherwise requires:

13 a. "Mental health condition" means a condition or disorder  
14 involving mental illness or alcohol or substance abuse that  
15 falls under any of the diagnostic categories listed in the  
16 mental disorders section of the international classification  
17 of disease, as periodically revised.

18 b. "Rates, terms, and conditions" means any lifetime  
19 payment limits, deductibles, copayments, coinsurance, and any  
20 other cost-sharing requirements, out-of-pocket limits, visit  
21 limitations, and any other financial component of benefits  
22 coverage that affects the covered individual.

23 Sec. 2. INSURANCE DIVISION STUDY.

24 1. The insurance division of the department of commerce  
25 shall conduct a study to determine the impact of providing the  
26 coverage required in this Act. The division shall include in  
27 the study all of the following:

28 a. An estimate of the impact of the mandated coverage on  
29 health care coverage benefit costs.

30 b. Actions taken by the division to assure that third-  
31 party payors subject to this Act are in compliance, and that  
32 the quality of and access to treatment for mental health  
33 conditions, as defined in section 514C.14, are not compromised  
34 by providing for coverage parity with other coverage benefits  
35 provided for other health or medical conditions under third-

1 party payor contracts or policies.

2 c. An analysis and comparison of the choices for treatment  
3 of mental health conditions provided with regard to level of  
4 access, choice, and financial burden on the individual.

5 d. Identification of any segments of the population of  
6 this state that may be excluded from, or have limited access  
7 to, treatment for mental health conditions, including the  
8 number of citizens that may be excluded from, or have limited  
9 access to, treatment under third-party payor policies or  
10 contracts provided by employers who receive substantial  
11 revenue from public sources.

12 2. The insurance division shall submit a written report to  
13 the general assembly on or before January 15, 2001.

14 EXPLANATION

15 This bill creates new Code section 514C.14 and provides  
16 that a policy or contract providing for third-party payment or  
17 prepayment of health or medical expenses must provide coverage  
18 benefits for mental health conditions based on rates, terms,  
19 and conditions which are no more restrictive than the rates,  
20 terms, and conditions associated with coverage benefits  
21 provided for other conditions under the policy or contract.  
22 Mental health conditions are defined to mean a condition or  
23 disorder involving mental illness or alcohol or substance  
24 abuse that falls under any of the diagnostic categories listed  
25 in the mental disorders section of the international  
26 classification of disease, as periodically updated.

27 The bill also provides that the insurance division of the  
28 department of commerce is to conduct a study to determine the  
29 impact of providing such coverage including an estimate of the  
30 impact of the mandated coverage on health care coverage  
31 benefit costs; actions taken by the division to assure that  
32 third-party payors subject to the bill are in compliance, and  
33 that the quality of and access to treatment for mental health  
34 conditions are not compromised by providing for coverage  
35 parity with other coverage benefits provided for other health

1 or medical conditions under third-party payor contracts or  
2 policies; an analysis and comparison of the choices for  
3 treatment of mental health conditions provided with regard to  
4 level of access, choice, and financial burden on the  
5 individual; and identification of any segments of the  
6 population of this state that may be excluded from, or have  
7 limited access to, treatment for mental health conditions,  
8 including the number of citizens that may be excluded from, or  
9 have limited access to, treatment under third-party payor  
10 policies or contracts provided by employers who receive  
11 substantial revenue from public sources. The report is to be  
12 provided to the general assembly on or before January 15,  
13 2001.

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

29

30

31

32

33

34

35