

2/7/00 Ann. L. Do Pass
w/ H-8041

REPRINTED

JAN 26 2000
COMMERCE AND REGULATION

HOUSE FILE 2080
BY GRUNDBERG, HOFFMAN, HANSEN,
MARTIN, DAVIS, FOEGE, WITT,
CORMACK, MYERS, HUSER, RAECKER,
MASCHER, HEATON, HOUSER, ~~ARNOLD,~~
~~SUNDERBRUCH~~, BARRY,
NELSON-FORBES, BRAUNS, DODERER,
FALLON, BLODGETT, and REYNOLDS

*Sponsors withdrawn - Arnold + Sunderbruch
1-26-00*

(P. 336)
Passed House, Date 2/16/00
Vote: Ayes 55 Nays 44
Approved _____

Passed Senate, Date _____
Vote: Ayes _____ Nays _____

A BILL FOR

1 An Act relating to third-party payment of health care coverage
2 costs for biologically based mental illness 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

HF 2080

1 Section 1. NEW SECTION. 514C.19 BIOLOGICALLY BASED
2 MENTAL ILLNESS.

3 1. Notwithstanding the uniformity of treatment
4 requirements of section 514C.6, a group policy or contract
5 providing for third-party payment or prepayment of health or
6 medical expenses issued by a carrier, as defined in section
7 513B.2, or by an organized delivery system authorized under
8 1993 Iowa Acts, chapter 158, shall provide coverage benefits
9 for treatment of a biologically based mental illness if either
10 of the following is satisfied:

11 a. The policy or contract is issued to an employer who on
12 at least fifty percent of the employer's working days during
13 the preceding calendar year employed more than fifty full-time
14 equivalent employees. In determining the number of full-time
15 equivalent employees of an employer, employers who are
16 affiliated or who are able to file a consolidated tax return
17 for purposes of state taxation shall be considered one
18 employer.

19 b. The policy or contract is issued to a small employer as
20 defined in section 513B.2, and such policy or contract
21 provides coverage benefits for the treatment of mental
22 illness.

23 2. Notwithstanding the uniformity of treatment
24 requirements of section 514C.6, a plan established pursuant to
25 chapter 509A for public employees shall provide coverage
26 benefits for treatment of a biologically based mental illness.

27 3. For purposes of this section, "biologically based
28 mental illness" means the following psychiatric illnesses:

- 29 a. Schizophrenia.
30 b. Bipolar disorders.
31 c. Major depressive disorders.
32 d. Schizo-affective disorders.
33 e. Obsessive-compulsive disorders.
34 f. Pervasive developmental disorders.
35 g. Autistic disorders.

1 4. The commissioner, by rule, shall define the
2 biologically based mental illnesses identified in subsection
3 3. Definitions established by the commissioner shall be
4 consistent with definitions provided in the most recent
5 edition of the American psychiatric association's diagnostic
6 and statistical manual of mental disorders, as such
7 definitions may be amended from time to time. The
8 commissioner may adopt the definitions provided in such manual
9 by reference.

10 5. This section shall not apply to accident only,
11 specified disease, short-term hospital or medical, hospital
12 confinement indemnity, credit, dental, vision, Medicare
13 supplement, long-term care, basic hospital and medical-
14 surgical expense coverage as defined by the commissioner,
15 disability income insurance coverage, coverage issued as a
16 supplement to liability insurance, workers' compensation or
17 similar insurance, or automobile medical payment insurance, or
18 individual accident and sickness policies issued to
19 individuals or to individual members of a member association.

20 6. A carrier, organized delivery system, or plan
21 established pursuant to chapter 509A may manage the benefits
22 provided through common methods including, but not limited to,
23 providing payment of benefits or providing care and treatment
24 under a capitated payment system, prospective reimbursement
25 rate system, utilization control system, incentive system for
26 the use of least restrictive and least costly levels of care,
27 a preferred provider contract limiting choice of specific
28 providers, or any other system, method, or organization
29 designed to assure services are medically necessary and
30 clinically appropriate.

31 7. A group policy or contract or plan covered under this
32 section shall at a minimum allow for thirty inpatient days and
33 fifty-two outpatient visits annually. The policy or contract
34 or plan may also include deductibles, coinsurance, or
35 copayments if such deductibles, coinsurance, or copayments are

1 applicable to other medical or surgical services coverage
2 under the policy or contract or plan. It is not a violation
3 of this section if the policy or contract or plan excludes
4 entirely from coverage benefits for the cost of providing the
5 following:

- 6 a. Marital, family, educational, developmental, or
7 training services.
- 8 b. Care that is substantially custodial in nature.
- 9 c. Services and supplies that are not medically necessary
10 or clinically appropriate.
- 11 d. Experimental treatments.

12 8. This section applies to third-party payment provider
13 policies or contracts and plans established pursuant to
14 chapter 509A delivered, issued for delivery, continued, or
15 renewed in this state on or after July 1, 2001.

16

EXPLANATION

17 This bill creates a new Code section 514C.19 and provides
18 that a group policy or contract providing for third-party
19 payment or prepayment of health or medical expenses issued by
20 a carrier, as defined in Code section 513B.2, or by an
21 organized delivery system authorized under 1993 Iowa Acts,
22 chapter 158, shall provide coverage benefits for treatment of
23 a biologically based mental illness if the policy or contract
24 is issued to an employer who on at least 50 percent of the
25 employer's working days during the preceding calendar year
26 employed more than 50 full-time equivalent employees; if the
27 policy or contract is issued to a small employer as defined in
28 Code section 513B.2, and such policy or contract provides
29 coverage benefits for the treatment of mental illness; or if
30 the plan is established pursuant to Code chapter 509A for
31 public employees.

32 The bill defines "biologically based mental illness" as
33 psychiatric illnesses including schizophrenia, bipolar
34 disorders, major depressive disorders, schizo-affective
35 disorders, obsessive-compulsive disorders, pervasive

1 developmental disorders, and autistic disorders. The
2 commissioner is directed to establish by rule the definition
3 of the biologically based mental illnesses identified. The
4 definitions established by the commissioner are to be
5 consistent with definitions provided in the most recent
6 edition of the American psychiatric association's diagnostic
7 and statistical manual of mental disorders, as such
8 definitions may be amended from time to time. The
9 commissioner may adopt the definitions provided in such manual
10 by reference.

11 The bill provides that a carrier, organized delivery
12 system, or plan established pursuant to Code chapter 509A may
13 manage the benefits provided through common methods including,
14 but not limited to, providing payment of benefits or providing
15 care and treatment under a capitated payment system,
16 prospective reimbursement rate system, utilization control
17 system, incentive system for the use of least restrictive and
18 least costly levels of care, a preferred provider contract
19 limiting choice of specific providers, or any other system,
20 method, or organization designed to assure services are
21 medically necessary and clinically appropriate.

22 The bill provides that the new Code section created applies
23 to third-party payment provider contracts or policies and
24 public employer plans delivered, issued for delivery,
25 continued, or renewed in this state on or after July 1, 2001.

26
27
28
29
30
31
32
33
34
35

HOUSE FILE 2080

H-8011

1 Amend House File 2080 as follows:

2 1. Page 2, by inserting after line 30 the
3 following:

4 "7. a. A group policy or contract or plan covered
5 under this section shall not impose an aggregate
6 annual or lifetime limit on biologically based mental
7 illness coverage benefits unless the policy or
8 contract or plan imposes an aggregate annual or
9 lifetime limit on substantially all medical and
10 surgical coverage benefits.

11 b. A group policy or contract or plan covered
12 under this section that imposes an aggregate annual or
13 lifetime limit on substantially all medical and
14 surgical coverage benefits shall not impose an
15 aggregate annual or lifetime limit on biologically
16 based mental illness coverage benefits which is less
17 than the aggregate annual or lifetime limit imposed on
18 substantially all medical and surgical coverage
19 benefits."

20 2. Page 2, by striking line 35 and inserting the
21 following: "copayments, provided the amounts and
22 extent of such deductibles, coinsurance, or
23 copayments".

24 3. Page 3, line 2, by inserting after the word
25 "plan" the following: "are the same".

26 4. Page 3, line 15, by striking the word "July"
27 and inserting the following: "January".

28 5. By renumbering as necessary.

By COMMITTEE ON COMMERCE AND REGULATION
METCALF of Polk, Chairperson

H-8011 FILED FEBRUARY 7, 2000

Adopted
2/6/00
(p. 329)

HOUSE FILE 2080

H-8022

1 Amend House File 2080 as follows:

2 1. Page 1, by striking lines 3 through 22 and
3 inserting the following:

4 "1. Notwithstanding the uniformity of treatment
5 requirements of section 514C.6, a group policy or
6 contract providing for third-party payment or
7 prepayment of health or medical expenses shall provide
8 mental health and substance abuse treatment coverage
9 benefits and shall not impose limitations on financial
10 terms for coverage of services for serious mental
11 illnesses or substance abuse if similar limitations
12 are not imposed on the coverage benefits for services
13 for medical or surgical conditions."

14 2. Page 1, line 26, by striking the words
15 "biologically based" and inserting the following:
16 "serious".

17 3. Page 1, line 27, by striking the words
18 "biologically based" and inserting the following:
19 "serious".

20 4. Page 1, by inserting after line 35 the
21 following:

22 "h. Panic disorder.

23 i. Paranoia and other psychotic disorders.

24 j. Eating disorders, including but not limited to
25 bulimia nervosa and anorexia nervosa.

26 3A. For purposes of this section, "substance
27 abuse" means a pattern of pathological use of alcohol
28 or a drug that causes impairment in social or
29 occupational functioning, or that produces
30 physiological dependency evidenced by physical
31 tolerance or by physical symptoms when the alcohol or
32 drug is withdrawn."

33 5. Page 2, line 2, by striking the words
34 "biologically based" and inserting the following:
35 "serious".

36 6. Page 3, by inserting after line 11 the
37 following:

38 "7A. A group policy is exempt from this section
39 upon submitting to the commissioner evidence
40 demonstrating a premium increase for the policy term
41 in excess of three percent as a result of the
42 requirements of this section."

43 7. Page 3, by inserting after line 15 the
44 following:

45 "9. This section is repealed effective July 1,
46 2003."

47 8. Title page, by striking line 2, and inserting
48 the following: "costs for serious mental illness and
49 substance abuse treatment".

By OSTERHAUS of Jackson

H-8022 FILED FEBRUARY 9, 2000

lost
2/16/00

(P. 336)

HOUSE FILE 2080

H-8019

- 1 Amend House File 2080 as follows:
- 2 1. Page 1, by inserting after line 35 the
- 3 following:
- 4 "h. Substance abuse disorders."
- 5 2. Page 2, line 32, by striking the word "thirty"
- 6 and inserting the following: "fifteen".
- 7 3. Page 2, line 33, by striking the word "fifty-
- 8 two" and inserting the following: "thirty".

By JAGER of Black Hawk

H-8019 FILED FEBRUARY 9, 2000

W/D 2/16/00
(p. 336)

HOUSE FILE 2080

H-8016

- 1 Amend House File 2080 as follows:
- 2 1. Page 1, by striking lines 3 through 22 and
- 3 inserting the following:
- 4 "1. Notwithstanding the uniformity of treatment
- 5 requirements of section 514C.6, a group policy or
- 6 contract providing for third-party payment or
- 7 prepayment of health or medical expenses shall provide
- 8 mental health and substance abuse treatment coverage
- 9 benefits and shall not impose limitations on financial
- 10 terms for coverage of services for serious mental
- 11 illnesses or substance abuse if similar limitations
- 12 are not imposed on the coverage benefits for services
- 13 for medical or surgical conditions."
- 14 2. Page 1, by inserting after line 35 the
- 15 following:
- 16 "h. Panic disorder.
- 17 i. Paranoia and other psychotic disorders.
- 18 j. Eating disorders, including but not limited to
- 19 bulimia nervosa and anorexia nervosa.
- 20 3A. For purposes of this section, "substance
- 21 abuse" means a pattern of pathological use of alcohol
- 22 or a drug that causes impairment in social or
- 23 occupational functioning, or that produces
- 24 physiological dependency evidenced by physical
- 25 tolerance or by physical symptoms when the alcohol or
- 26 drug is withdrawn."
- 27 3. Page 3, by inserting after line 11 the
- 28 following:
- 29 "7A. A group policy is exempt from this section
- 30 upon submitting to the commissioner evidence
- 31 demonstrating a premium increase for the policy term
- 32 in excess of three percent as a result of the
- 33 requirements of this section."
- 34 4. Page 3, by inserting after line 15 the
- 35 following:
- 36 "9. This section is repealed effective July 1,
- 37 2003."
- 38 5. Title page, line 2, by inserting after the
- 39 word "illness" the following: "and substance abuse".

By OSTERHAUS of Jackson

H-8016 FILED FEBRUARY 8, 2000

W/D 2/16/00
(p. 334)

HOUSE FILE 2080

H-8034

1 Amend House File 2080 as follows:

2 1. Page 1, line 1, by striking the words
3 "BIOLOGICALLY BASED" and inserting the following:
4 "SERIOUS".

5 2. Page 1, by striking lines 8 through 10 and
6 inserting the following:
7 "1993 Iowa Acts, chapter 158, shall provide mental
8 health and substance abuse treatment coverage benefits
9 and shall not impose limitations on financial terms
10 for coverage of services for serious mental illnesses
11 or substance abuse if similar limitations are not
12 imposed on the coverage benefits for services for
13 medical or surgical conditions, and if either of the
14 following is satisfied:"

15 3. Page 1, line 26, by striking the words
16 "biologically based" and inserting the following:
17 "serious".

18 4. Page 1, line 27, by striking the words
19 "biologically based" and inserting the following:
20 "serious".

21 5. Page 1, by inserting after line 35 the
22 following:

23 "3A. For purposes of this section, "substance
24 abuse" means a pattern of pathological use of alcohol
25 or a drug that causes impairment in social or
26 occupational functioning, or that produces
27 physiological dependency evidenced by physical
28 tolerance or by physical symptoms when the alcohol or
29 drug is withdrawn."

30 6. Page 2, line 2, by striking the words
31 "biologically based" and inserting the following:
32 "serious".

33 7. Page 3, by inserting after line 11 the
34 following:

35 "7A. A group policy is exempt from this section
36 upon submission to the commissioner of evidence
37 demonstrating a premium increase for the policy term
38 in excess of three percent as a result of the
39 requirements of this section."

40 8. Page 3, by inserting after line 15 the
41 following:

42 "9. This section is repealed effective July 1,
43 2003."

44 9. Title page, by striking line 2 and inserting
45 the following: "costs for serious mental illness and
46 substance abuse treatment".

By OSTERHAUS of Jackson

WITT of Black Hawk

FALCK of Fayette

MYERS of Johnson

BUKTA of Clinton

FOEGE of Linn

H-8034 FILED FEBRUARY 15, 2000

~~FILED~~ 2/15/00 *Withdrawn*
(P. 333)

HOUSE FILE 2080

H-8033

- 1 Amend House File 2080 as follows:
- 2 1. Page 1, line 1, by striking the words
- 3 "BIOLOGICALLY BASED" and inserting the following:
- 4 "SERIOUS".
- 5 2. Page 1, line 9, by striking the words
- 6 "biologically based" and inserting the following:
- 7 "serious".
- 8 3. Page 1, line 26, by striking the words
- 9 "biologically based" and inserting the following:
- 10 "serious".
- 11 4. Page 1, line 27, by striking the words
- 12 "biologically based" and inserting the following:
- 13 "serious".
- 14 5. Page 1, by inserting after line 35 the
- 15 following:
- 16 "h. Post traumatic stress syndrome."
- 17 6. Page 2, line 2, by striking the words
- 18 "biologically based" and inserting the following:
- 19 "serious".
- 20 7. Title page, line 2, by striking the words
- 21 "biologically based" and inserting the following:
- 22 "serious".

By CHIODO of Polk	FALCK of Fayette
OSTERHAUS of Jackson	MYERS of Johnson
MUNDIE of Webster	BUKTA of Clinton
WITT of Black Hawk	FOEGE of Linn

H-8033 FILED FEBRUARY 15, 2000

*Last
2/16/00
(P. 333)*

HOUSE FILE 2080

H-8037

- 1 Amend House File 2080 as follows:
- 2 1. Page 3, by inserting after line 11 the
- 3 following:
- 4 "7A. A group policy is exempt from this section
- 5 upon submission to the commissioner of evidence
- 6 demonstrating a premium increase for the policy term
- 7 in excess of three percent as a result of the
- 8 requirements of this section."
- 9 2. By renumbering as necessary.

By KREIMAN of Davis

H-8037 FILED FEBRUARY 15, 2000

*W/D
2/16/00
(P. 336)*

HOUSE FILE 2080

H-8035

1 Amend House File 2080 as follows:

2 1. By striking everything after the enacting
3 clause and inserting the following:

4 "Section 1. NEW SECTION. 514C.19 MENTAL HEALTH
5 AND SUBSTANCE ABUSE COVERAGE.

6 1. Notwithstanding the uniformity of treatment
7 requirements of section 514C.6, a group policy or
8 contract providing for third-party payment or
9 prepayment of health or medical expenses shall provide
10 mental health and substance abuse treatment coverage
11 benefits and shall not impose limitations on financial
12 terms for coverage of services for serious mental
13 illnesses or substance abuse if similar limitations
14 are not imposed on the coverage benefits for services
15 for medical or surgical conditions.

16 2. For purposes of this section, unless the
17 context otherwise requires:

18 a. "Serious mental illness" means the following
19 disorders, as defined by the American psychiatric
20 association's diagnostic and statistical manual of
21 mental disorders:

- 22 (1) Schizophrenia.
- 23 (2) Schizo-affective disorder.
- 24 (3) Bipolar disorder.
- 25 (4) Major depressive disorder.
- 26 (5) Obsessive-compulsive disorder.
- 27 (6) Autism.
- 28 (7) Pervasive developmental disorders.
- 29 (8) Panic disorder.
- 30 (9) Paranoia and other psychotic disorders.
- 31 (10) Eating disorders, including but not limited
32 to bulimia nervosa and anorexia nervosa.

33 b. "Substance abuse" means a pattern of
34 pathological use of alcohol or a drug that causes
35 impairment in social or occupational functioning, or
36 that produces physiological dependency evidenced by
37 physical tolerance or by physical symptoms when the
38 alcohol or drug is withdrawn.

39 2. This section shall not apply to accident-only,
40 specific disease, short-term hospital or medical,
41 hospital confinement indemnity, credit, dental,
42 vision, Medicare supplement, long-term care, basic
43 hospital and medical-surgical expense coverage as
44 defined by the commissioner, disability income
45 insurance coverage, coverage issued as a supplement to
46 liability insurance, workers' compensation or similar
47 insurance, automobile medical payment insurance, or
48 individual accident or sickness policies issued
49 pursuant to chapter 513C.

50 3. A third-party payor may manage the benefits

H-8035

H-8035

Page 2

1 provided through common methods including, but not
 2 limited to, providing payment of benefits or providing
 3 care and treatment under a capitated payment system,
 4 prospective reimbursement rate system, utilization
 5 control system, incentive system for the use of least
 6 restrictive and least costly levels of care, a
 7 preferred provider contract limiting choice of
 8 specific provider, or any other system, method, or
 9 organization designed to ensure services are medically
 10 necessary and clinically appropriate.

11 4. A group policy or contract covered under this
 12 section, at a minimum, shall provide for thirty
 13 inpatient and sixty outpatient days annually. The
 14 policy or contract may also include deductibles,
 15 coinsurance, or copayments if such deductibles,
 16 coinsurance, or copayments are applicable to other
 17 medical or surgical services coverage under the policy
 18 or contract. It is not a violation of this section if
 19 the policy or contract excludes entirely from coverage
 20 benefits the cost of providing the following:

21 a. Marital, family, educational, developmental, or
 22 training services.

23 b. Care that is substantially custodial in nature.

24 c. Services and supplies that are not medically
 25 necessary or clinically appropriate.

26 d. Experimental treatments.

27 5. The commissioner, by rule, shall increase the
 28 mental health and substance abuse lifetime limit in
 29 the individual market guaranteed standard product to
 30 one hundred thousand dollars.

31 6. A group policy is exempt from this section upon
 32 submitting to the commissioner evidence demonstrating
 33 a premium increase for the policy term in excess of
 34 three percent as a result of the requirements of this
 35 section.

36 7. This section applies to third-party payment
 37 provider contracts or policies delivered, issued for
 38 delivery, continued, or renewed in this state on or
 39 after January 1, 2001.

40 8. This section is repealed effective July 1,
 41 2003."

42 2. Title page, by striking line 2 and inserting
 43 the following: "costs for mental illness and
 44 substance abuse treatment".

By OSTERHAUS of Jackson
 JOCHUM of Dubuque
 WITT of Black Hawk
 FALCK of Fayette

MYERS of Johnson
 BUKTA of Clinton
 FOEGE of Linn

H-8035 FILED FEBRUARY 15, 2000

Last
2/16/00
(p. 332)

5-3/15/00 Do Pass
S-3/23/00 Unfinished Business Calendar

2080

HOUSE FILE
BY GRUNDBERG, HOFFMAN, HANSEN,
MARTIN, DAVIS, FOEGE, WITT,
CORMACK, MYERS, HUSER, RAECKER,
MASCHER, HEATON, HOUSER,
BARRY, NELSON-FORBES, BRAUNS,
DODERER, FALLON, BLODGETT,
and REYNOLDS

(As Amended and Passed by the House, February 16, 2000)

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 biologically based mental illness 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

House Amendments _____

HF 2080

1 Section 1. NEW SECTION. 514C.19 BIOLOGICALLY BASED
2 MENTAL ILLNESS.

3 1. Notwithstanding the uniformity of treatment
4 requirements of section 514C.6, a group policy or contract
5 providing for third-party payment or prepayment of health or
6 medical expenses issued by a carrier, as defined in section
7 513B.2, or by an organized delivery system authorized under
8 1993 Iowa Acts, chapter 158, shall provide coverage benefits
9 for treatment of a biologically based mental illness if either
10 of the following is satisfied:

11 a. The policy or contract is issued to an employer who on
12 at least fifty percent of the employer's working days during
13 the preceding calendar year employed more than fifty full-time
14 equivalent employees. In determining the number of full-time
15 equivalent employees of an employer, employers who are
16 affiliated or who are able to file a consolidated tax return
17 for purposes of state taxation shall be considered one
18 employer.

19 b. The policy or contract is issued to a small employer as
20 defined in section 513B.2, and such policy or contract
21 provides coverage benefits for the treatment of mental
22 illness.

23 2. Notwithstanding the uniformity of treatment
24 requirements of section 514C.6, a plan established pursuant to
25 chapter 509A for public employees shall provide coverage
26 benefits for treatment of a biologically based mental illness.

27 3. For purposes of this section, "biologically based
28 mental illness" means the following psychiatric illnesses:

- 29 a. Schizophrenia.
- 30 b. Bipolar disorders.
- 31 c. Major depressive disorders.
- 32 d. Schizo-affective disorders.
- 33 e. Obsessive-compulsive disorders.
- 34 f. Pervasive developmental disorders.
- 35 g. Autistic disorders.

1 4. The commissioner, by rule, shall define the
2 biologically based mental illnesses identified in subsection
3 3. Definitions established by the commissioner shall be
4 consistent with definitions provided in the most recent
5 edition of the American psychiatric association's diagnostic
6 and statistical manual of mental disorders, as such
7 definitions may be amended from time to time. The
8 commissioner may adopt the definitions provided in such manual
9 by reference.

10 5. This section shall not apply to accident only,
11 specified disease, short-term hospital or medical, hospital
12 confinement indemnity, credit, dental, vision, Medicare
13 supplement, long-term care, basic hospital and medical-
14 surgical expense coverage as defined by the commissioner,
15 disability income insurance coverage, coverage issued as a
16 supplement to liability insurance, workers' compensation or
17 similar insurance, or automobile medical payment insurance, or
18 individual accident and sickness policies issued to
19 individuals or to individual members of a member association.

20 6. A carrier, organized delivery system, or plan
21 established pursuant to chapter 509A may manage the benefits
22 provided through common methods including, but not limited to,
23 providing payment of benefits or providing care and treatment
24 under a capitated payment system, prospective reimbursement
25 rate system, utilization control system, incentive system for
26 the use of least restrictive and least costly levels of care,
27 a preferred provider contract limiting choice of specific
28 providers, or any other system, method, or organization
29 designed to assure services are medically necessary and
30 clinically appropriate.

31 7. a. A group policy or contract or plan covered under
32 this section shall not impose an aggregate annual or lifetime
33 limit on biologically based mental illness coverage benefits
34 unless the policy or contract or plan imposes an aggregate
35 annual or lifetime limit on substantially all medical and

1 surgical coverage benefits.

2 b. A group policy or contract or plan covered under this
3 section that imposes an aggregate annual or lifetime limit on
4 substantially all medical and surgical coverage benefits shall
5 not impose an aggregate annual or lifetime limit on
6 biologically based mental illness coverage benefits which is
7 less than the aggregate annual or lifetime limit imposed on
8 substantially all medical and surgical coverage benefits.

9 8. A group policy or contract or plan covered under this
10 section shall at a minimum allow for thirty inpatient days and
11 fifty-two outpatient visits annually. The policy or contract
12 or plan may also include deductibles, coinsurance, or
13 copayments, provided the amounts and extent of such
14 deductibles, coinsurance, or copayments applicable to other
15 medical or surgical services coverage under the policy or
16 contract or plan are the same. It is not a violation of this
17 section if the policy or contract or plan excludes entirely
18 from coverage benefits for the cost of providing the
19 following:

20 a. Marital, family, educational, developmental, or
21 training services.

22 b. Care that is substantially custodial in nature.

23 c. Services and supplies that are not medically necessary
24 or clinically appropriate.

25 d. Experimental treatments.

26 9. This section applies to third-party payment provider
27 policies or contracts and plans established pursuant to
28 chapter 509A delivered, issued for delivery, continued, or
29 renewed in this state on or after January 1, 2001.

30

31

32

33

34

35