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COMMERCE AND REGULATION

HOUSE FILE 241

BY BURNETT, BELL, JOCHUM, MYERS,
MAY, LARKIN, CHAPMAN, TAYLOR,
O'BRIEN, MASCHER, RICHARDSON,
PARMENTER, KUHN, REYNOLDS,
DOTZLER, HOLVECK, CONNORS,
WARNSTADT, WITT, KREIMAN,
MURPHY, WHITEAD, SHOULTZ,
SCHERRMAN, FALCK, BUKTA,
FOEGE, CHIDO, MUNDIE, FORD,
STEVENS, and OSTERHAUS

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:

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HF 241

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 health care provider licensed under
19 Title IV, subtitle 3, if the services are provided within the
20 scope of practice of such health care provider and within
21 approved case management guidelines applicable to such mental
22 illness. Coverage shall include prescription drugs.

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

30 2. This section applies to the following classes of third-
31 party payment provider contracts or policies delivered, issued
32 for delivery, continued, or renewed in this state on or after
33 January 1, 2000:

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

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

3 c. An individual or group health maintenance organization
4 contract regulated under chapter 514B.

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

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

11 f. An organized delivery system licensed by the director
12 of public health.

13 3. For purposes of this section, unless the context
14 otherwise requires:

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

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

25 Sec. 2. INSURANCE DIVISION STUDY.

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

30 a. An estimate of the impact of the mandated coverage on
31 health care coverage benefit costs.

32 b. Actions taken by the division to assure that third-
33 party payors subject to this Act are in compliance, and that
34 the quality of and access to treatment for mental health
35 conditions, as defined in section 514C.14, are not compromised

1 by providing for coverage parity with other coverage benefits
2 provided for other health or medical conditions under third-
3 party payor contracts or policies.

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

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

14 2. The insurance division shall submit a written report to
15 the general assembly on or before January 15, 2002.

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EXPLANATION

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

29 The bill also provides that the insurance division of the
30 department of commerce is to conduct a study to determine the
31 impact of providing such coverage including an estimate of the
32 impact of the mandated coverage on health care coverage
33 benefit costs; actions taken by the division to assure that
34 third-party payors subject to the bill are in compliance, and
35 that the quality of and access to treatment for mental health

1 conditions are not compromised by providing for coverage
2 parity with other coverage benefits provided for other health
3 or medical conditions under third-party payor contracts or
4 policies; an analysis and comparison of the choices for
5 treatment of mental health conditions provided with regard to
6 level of access, choice, and financial burden on the
7 individual; and identification of any segments of the
8 population of this state that may be excluded from, or have
9 limited access to, treatment for mental health conditions,
10 including the number of citizens that may be excluded from, or
11 have limited access to, treatment under third-party payor
12 policies or contracts provided by employers who receive
13 substantial revenue from public sources. The report is to be
14 provided to the general assembly on or before January 15,
15 2002.

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