

3/20/00 Referred back to Commerce

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SENATE FILE 2412
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO SF 2234)

Passed Senate, Date _____ Passed House, 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 services
3 and increasing the lifetime maximum benefit.

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

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SF 2412

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
12 during at least fifty percent of the employer's working days
13 during the preceding calendar year, employed more than fifty
14 full-time equivalent employees. In determining the number of
15 full-time equivalent employees of an employer, employers who
16 are affiliated or who are able to file a consolidated tax
17 return 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. This section shall not apply to accident only,
2 specified disease, short-term hospital or medical, hospital
3 confinement indemnity, credit, dental, vision, Medicare
4 supplement, long-term care, basic hospital and medical-
5 surgical expense coverage as defined by the commissioner,
6 disability income insurance coverage, coverage issued as a
7 supplement to liability insurance, workers' compensation or
8 similar insurance, or automobile medical payment insurance, or
9 individual accident and sickness policies issued to
10 individuals or to individual members of a member association.

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

22 6. A group policy or contract or plan covered under this
23 section shall at a minimum allow for thirty inpatient days and
24 fifty-two outpatient visits annually. The policy or contract
25 or plan may also include deductibles, coinsurance, or
26 copayments if such deductibles, coinsurance, or copayments are
27 applicable to other medical or surgical services coverage
28 under the policy or contract or plan.

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

33 8. This section applies to third-party payment provider
34 policies or contracts and plans established pursuant to
35 chapter 509A delivered, issued for delivery, continued, or

1 renewed in this state on or after July 1, 2001.

2 9. This section is repealed effective July 1, 2003.

3 Sec. 2. MENTAL HEALTH BENEFITS. The insurance
4 commissioner, pursuant to the commissioner's authority under
5 section 513B.14, shall increase the lifetime maximum benefit
6 for mental health services under a standard health benefit
7 plan provided under 191 IAC 71.14 from fifty thousand dollars
8 to one hundred thousand dollars. The increase shall be made
9 effective for a standard health benefit plan delivered, issued
10 for delivery, continued, or renewed in this state on or after
11 July 1, 2000.

12 EXPLANATION

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

28 The bill defines "biologically based mental illness" as
29 psychiatric illnesses including schizophrenia, bipolar
30 disorders, major depressive disorders, schizo-affective
31 disorders, obsessive-compulsive disorders, pervasive
32 developmental disorders, and autistic disorders.

33 The bill provides that a carrier, organized delivery
34 system, or plan established pursuant to Code chapter 509A may
35 manage the benefits provided through common methods including,

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

9 The bill provides that a group policy is exempt from this
10 new Code section upon submitting to the commissioner evidence
11 demonstrating a premium increase for the policy term in excess
12 of 3 percent as a result of the requirements of this section.

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

17 The bill directs the insurance commissioner to increase the
18 lifetime maximum benefit for mental health services under a
19 standard health benefit plan from \$50,000 to \$100,000.

20 The bill provides that the new Code section is repealed
21 effective July 1, 2003.

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SENATE FILE 2412

S-5483

- 1 Amend Senate File 2412 as follows:
2 1. Page 3, by inserting after line 11, the
3 following:
4 "Sec. ____ . FUTURE HEALTH INSURANCE COVERAGE
5 MANDATES. The general assembly shall not enact future
6 legislation concerning health insurance coverage
7 mandates until a health insurance interim study
8 committee established by the legislative council has
9 submitted its recommendations to the general
10 assembly."
11 2. By renumbering as necessary.

By STEVE KING

S-5483 FILED APRIL 18, 2000

SENATE FILE 2412

S-5484

- 1 Amend Senate File 2412 as follows:
2 1. Page 3, by inserting after line 11 the
3 following:
4 "Sec. ____ . HEALTH INSURANCE -- STUDY. The
5 legislative council is requested to establish an
6 interim study committee consisting of members of the
7 general assembly of both political parties from
8 throughout the state and other persons the council
9 believes are knowledgeable concerning the health
10 insurance industry. The study shall include but is
11 not limited to an examination of the effects of state
12 mandates on health insurance carriers, employers, and
13 the insured. The committee shall review the effects
14 of state mandates on rates, the delivery of services,
15 the likelihood employers would continue to provide
16 health care benefits, and the effects on competition
17 within the health insurance industry. The committee
18 shall also compare the effects of state mandates on
19 individual and group policies, and determine whether
20 an employer could provide individual policies for
21 employees. The committee may consult with the
22 commissioner of insurance and other persons with
23 expertise or information relevant to the study of
24 health insurance. The committee is directed to submit
25 its findings, together with any recommendations, in a
26 report to the general assembly which convenes in
27 January 2001."
28 2. Title page, line 3, by inserting after the
29 word "benefit" the following: ", and establishing an
30 interim study committee".
31 3. By renumbering as necessary.

By STEVE KING

S-5484 FILED APRIL 18, 2000