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COMMERCE AND REGULATION

HOUSE FILE 2419
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Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to mental health and substance abuse treatment
2 coverage, and providing for applicability.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 2419

1 Section 1. NEW SECTION. 514C.21 MENTAL HEALTH AND
2 SUBSTANCE ABUSE TREATMENT COVERAGE.

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 shall provide mental health and substance
7 abuse treatment coverage benefits and shall not impose
8 limitations on financial terms for coverage of services for
9 serious mental illnesses or substance abuse if similar
10 limitations are not imposed on the coverage benefits for
11 services for medical or surgical conditions.

12 2. For purposes of this section, unless the context
13 otherwise requires:

14 a. "Serious mental illness" means the following disorders,
15 as defined by the American psychiatric association's
16 diagnostic and statistical manual of mental disorders:

- 17 (1) Schizophrenia.
- 18 (2) Schizo-affective disorder.
- 19 (3) Bipolar disorder.
- 20 (4) Major depressive disorder.
- 21 (5) Obsessive-compulsive disorder.
- 22 (6) Autism.
- 23 (7) Pervasive developmental disorders.
- 24 (8) Anxiety disorders.
- 25 (9) Paranoia and other psychotic disorders.
- 26 (10) Eating disorders, including but not limited to
27 bulimia nervosa and anorexia nervosa.

28 b. "Substance abuse" means a pattern of pathological use
29 of alcohol or a drug that causes impairment in social or
30 occupational functioning, or that produces physiological
31 dependency evidenced by physical tolerance or by physical
32 symptoms when the alcohol or drug is withdrawn.

33 3. This section shall not apply to accident-only, specific
34 disease, short-term hospital or medical, hospital confinement
35 indemnity, credit, dental, vision, Medicare supplement, long-

1 term care, basic hospital and medical-surgical expense
2 coverage as defined by the commissioner, disability income
3 insurance coverage, coverage issued as a supplement to
4 liability insurance, workers' compensation or similar
5 insurance, automobile medical payment insurance, or individual
6 accident or sickness policies issued pursuant to chapter 513C.

7 4. A third-party payor may manage the benefits provided
8 through common methods including, but not limited to,
9 providing payment of benefits or providing care and treatment
10 under a capitated payment system, prospective reimbursement
11 rate system, utilization control system, incentive system for
12 the use of least restrictive and least costly levels of care,
13 a preferred provider contract limiting choice of specific
14 provider, or any other system, method, or organization
15 designed to ensure services are medically necessary and
16 clinically appropriate.

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

26 a. Marital, family, educational, developmental, or
27 training services.

28 b. Care that is substantially custodial in nature.

29 c. Services and supplies that are not medically necessary
30 or clinically appropriate.

31 d. Experimental treatments.

32 6. The commissioner, by rule, shall increase the mental
33 health and substance abuse treatment lifetime limit in the
34 individual market guaranteed standard product to one hundred
35 thousand dollars.

1 7. A group policy is exempt from this section upon
2 submitting to the commissioner evidence demonstrating a
3 premium increase for the policy term in excess of three
4 percent as a result of the requirements of this section.

5 8. This section applies to third-party payment provider
6 contracts or policies delivered, issued for delivery,
7 continued, or renewed in this state on or after January 1,
8 2003.

9 9. This section is repealed effective July 1, 2005.

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EXPLANATION

11 This bill creates new Code section 514C.21 and provides
12 that a group policy or contract providing for third-party
13 payment or prepayment of health or medical expenses shall
14 provide coverage benefits for treatment of a serious mental
15 illness and substance abuse. The bill prohibits a group
16 policy or contract from imposing limitations on the financial
17 terms for coverage of services for serious mental illnesses or
18 substance abuse if similar limitations are not imposed on the
19 coverage benefits for services for medical or surgical
20 conditions.

21 The bill defines "serious mental illness" as schizophrenia,
22 schizo-affective disorder, bipolar disorders, major depressive
23 disorders, obsessive-compulsive disorders, autism, pervasive
24 developmental disorders, anxiety disorders, paranoia and other
25 psychotic disorders, and eating disorders, including, but not
26 limited to, bulimia nervosa and anorexia nervosa. The bill
27 defines "substance abuse" as a pattern of pathological use of
28 alcohol or a drug that causes impairment in social or
29 occupational functioning, or that produces physiological
30 dependency evidenced by physical tolerance or by physical
31 symptoms when the alcohol or drug is withdrawn.

32 The bill requires that a third-party payor may manage the
33 benefits provided through common methods including, but not
34 limited to, providing payment of benefits or providing care
35 and treatment under a capitated payment system, prospective

1 reimbursement rate system, utilization control system,
2 incentive system for the use of least restrictive and least
3 costly levels of care, a preferred provider contract limiting
4 choice of specific provider, or any other system, method, or
5 organization designed to ensure services are medically
6 necessary and clinically appropriate.

7 The bill requires the insurance commissioner, by rule, to
8 increase the mental health and substance abuse lifetime limit
9 in the individual market guaranteed standard product to
10 \$100,000.

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

16 The bill provides that the new Code section applies to
17 third-party payment provider contracts or policies delivered,
18 issued for delivery, continued, or renewed in this state on or
19 after January 1, 2003. The new Code section is repealed
20 effective July 1, 2005.

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