

House Study Bill 280

SENATE/HOUSE FILE _____
BY (PROPOSED GOVERNOR'S BILL)

Passed Senate, Date _____ Passed House, 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:
4 TLSB 1682XL 80
5 jj/cf/24

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1 1 Section 1. NEW SECTION. 514C.21 MENTAL HEALTH AND
1 2 SUBSTANCE ABUSE TREATMENT COVERAGE.
1 3 1. For purposes of this section, unless the context
1 4 otherwise requires:
1 5 a. "Serious mental illness" means the following disorders,
1 6 as defined by the American psychiatric association's
1 7 diagnostic and statistical manual of mental disorders:
1 8 (1) Schizophrenia.
1 9 (2) Schizo-affective disorder.
1 10 (3) Bipolar disorder.
1 11 (4) Major depressive disorder.
1 12 (5) Obsessive-compulsive disorder.
1 13 (6) Autism.
1 14 (7) Pervasive developmental disorders.
1 15 (8) Anxiety disorders.
1 16 (9) Paranoia and other psychotic disorders.
1 17 (10) Eating disorders, including but not limited to
1 18 bulimia nervosa and anorexia nervosa.
1 19 b. "Substance abuse" means a pattern of pathological use
1 20 of alcohol or a drug that causes impairment in social or
1 21 occupational functioning, or that produces physiological
1 22 dependency evidenced by physical tolerance or by physical
1 23 symptoms when the alcohol or drug is withdrawn.
1 24 2. Notwithstanding the uniformity of treatment
1 25 requirements of section 514C.6, a group policy, contract, or
1 26 plan providing for third-party payment or prepayment of
1 27 health, medical, or surgical expenses shall provide mental
1 28 health and substance abuse treatment coverage benefits and
1 29 shall not impose limitations on financial terms for coverage
1 30 of services for serious mental illnesses or substance abuse if
1 31 similar limitations are not imposed on the coverage benefits
1 32 for services for health, medical, or surgical conditions.
1 33 3. This section shall not apply to accident-only, specific
1 34 disease, short-term hospital or medical, hospital confinement
1 35 indemnity, credit, dental, vision, Medicare supplement, long-
2 1 term care, basic hospital and medical=surgical expense
2 2 coverage as defined by the commissioner, disability income
2 3 insurance coverage, coverage issued as a supplement to
2 4 liability insurance, workers' compensation or similar
2 5 insurance, automobile medical payment insurance, or individual
2 6 accident or sickness policies issued pursuant to chapter 513C.
2 7 4. A third-party payor may manage the benefits provided
2 8 through common methods including, but not limited to,
2 9 providing payment of benefits or providing care and treatment
2 10 under a capitated payment system, prospective reimbursement
2 11 rate system, utilization control system, incentive system for
2 12 the use of least restrictive and least costly levels of care,
2 13 a preferred provider contract limiting choice of specific
2 14 provider, or any other system, method, or organization
2 15 designed to ensure services are medically necessary and
2 16 clinically appropriate.
2 17 5. A group policy or contract covered under this section,
2 18 at a minimum, shall provide for thirty inpatient and sixty
2 19 outpatient days annually. The policy or contract may also
2 20 include deductibles, coinsurance, or copayments if such
2 21 deductibles, coinsurance, or copayments are applicable to
2 22 other medical or surgical services coverage under the policy
2 23 or contract. It is not a violation of this section if the
2 24 policy or contract excludes entirely from coverage benefits

2 25 the cost of providing the following:
2 26 a. Marital, family, educational, developmental, or
2 27 training services.
2 28 b. Care that is substantially custodial in nature.
2 29 c. Services and supplies that are not medically necessary
2 30 or clinically appropriate.
2 31 d. Experimental treatments.
2 32 6. The commissioner, by rule, shall increase the mental
2 33 health and substance abuse treatment lifetime limit in the
2 34 individual market guaranteed standard product under chapter
2 35 513C to one hundred thousand dollars.
3 1 7. A group policy, contract, or plan is exempt from this
3 2 section upon submission by the person responsible for
3 3 administering the policy, contract, or plan to the
3 4 commissioner of evidence demonstrating a premium increase for
3 5 the policy, contract, or plan term in excess of three percent
3 6 as a result of the requirements of this section.
3 7 8. This section applies to third-party payment provider
3 8 policies, contracts, or plans delivered, issued for delivery,
3 9 continued, or renewed in this state on or after January 1,
3 10 2004.
3 11 9. This section is repealed effective December 31, 2007.

3 12 EXPLANATION

3 13 This bill creates new Code section 514C.21 and provides
3 14 that a group policy, contract, or plan providing for third=
3 15 party payment or prepayment of health, medical, or surgical
3 16 expenses shall provide coverage benefits for treatment of a
3 17 serious mental illness and substance abuse. The bill
3 18 prohibits a group policy, contract, or plan from imposing
3 19 limitations on the financial terms for coverage of services
3 20 for serious mental illnesses or substance abuse if similar
3 21 limitations are not imposed on the coverage benefits for
3 22 services for health, medical, or surgical conditions.
3 23 The bill defines "serious mental illness" as schizophrenia,
3 24 schizo-affective disorder, bipolar disorders, major depressive
3 25 disorders, obsessive-compulsive disorders, autism, pervasive
3 26 developmental disorders, anxiety disorders, paranoia and other
3 27 psychotic disorders, and eating disorders, including, but not
3 28 limited to, bulimia nervosa and anorexia nervosa. The bill
3 29 defines "substance abuse" as a pattern of pathological use of
3 30 alcohol or a drug that causes impairment in social or
3 31 occupational functioning, or that produces physiological
3 32 dependency evidenced by physical tolerance or by physical
3 33 symptoms when the alcohol or drug is withdrawn.
3 34 The bill requires the insurance commissioner, by rule, to
3 35 increase the mental health and substance abuse lifetime limit
4 1 in the individual market guaranteed standard product under
4 2 Code chapter 513C to \$100,000.
4 3 The bill provides that a group's insurance will be exempt
4 4 from the requirements of the new Code section upon submission
4 5 of evidence to the commissioner demonstrating a premium
4 6 increase for the policy term in excess of 3 percent as a
4 7 result of the requirements of the new Code section.
4 8 The bill provides that the new Code section applies to
4 9 third-party payment provider contracts, policies, or plans
4 10 delivered, issued for delivery, continued, or renewed in this
4 11 state on or after January 1, 2004. The new Code section is
4 12 repealed effective December 31, 2007.
4 13 LSB 1682XL 80
4 14 jj/cf/24