

SENATE FILE **232**
BY LUNDBY

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act requiring third-party providers of policies, contracts, or
2 plans that provide payment or prepayment of health or medical
3 expenses to provide coverage for neurobiological disorders and
4 underlying co-morbidity based on rates, terms, and conditions
5 that are no more restrictive than the rates, terms, and
6 conditions for other health or medical conditions under the
7 policy, contract, or plan, and providing for studies by the
8 insurance division of the department of commerce, and by the
9 department of public health.

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

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SF 232 COMMERCE

1 Section 1. NEW SECTION. 514C.21 MANDATED COVERAGE FOR
2 NEUROBIOLOGICAL DISORDERS AND UNDERLYING CO-MORBIDITY.

3 1. For purposes of this section, unless the context
4 otherwise requires:

5 a. "Co-morbidity" means the coexistence of conditions or
6 diagnosable disorders such as neurobiological disorders and
7 substance abuse.

8 b. "Neurobiological disorder" means the following:

- 9 (1) Schizophrenia and other psychotic disorders.
10 (2) Affective disorders.
11 (3) Anxiety disorders.
12 (4) Pervasive developmental disorders.
13 (5) Attention deficit hyperactivity disorder and related
14 disorders.

15 (6) Disorders identified in childhood and adolescence.

16 The commissioner, by rule, shall identify the
17 neurobiological disorders covered by this definition,
18 consistent with the guidelines provided in the most recent
19 edition of the American psychiatric association's diagnostic
20 and statistical manual of mental disorders, as such
21 definitions may be amended from time to time. The
22 commissioner may adopt the definitions provided in the manual
23 by reference.

24 c. "Rates, terms, and conditions" means any lifetime or
25 annual payment limits, deductibles, copayments, coinsurance,
26 and any other cost-sharing requirements, out-of-pocket limits,
27 visit limitations, and any other financial component of
28 benefits coverage that affects the covered individual.

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

34 2. a. Notwithstanding the uniformity of treatment
35 requirements of section 514C.6, a policy, contract, or plan

1 providing for third-party payment or prepayment of health,
2 medical, and surgical expenses shall provide coverage benefits
3 for treatment for neurobiological disorders and underlying co-
4 morbidity based on rates, terms, and conditions that are no
5 more restrictive than the rates, terms, and conditions for
6 coverage benefits provided for other health or medical
7 conditions under the policy, contract, or plan.

8 b. Any restrictions or limitations with respect to rates,
9 terms, and conditions involving deductibles, copayments,
10 coinsurance, and any other cost-sharing requirements shall be
11 cumulative for coverage of treatment for neurobiological
12 disorders and underlying co-morbidity and other health or
13 medical conditions under a policy, contract, or plan. A
14 policy, contract, or plan subject to this section shall not
15 impose an aggregate lifetime or annual limit on treatment for
16 neurobiological disorders or underlying co-morbidity coverage
17 benefits unless the policy, contract, or plan imposes an
18 aggregate lifetime or annual limit on substantially all
19 health, medical, or surgical coverage benefits. A policy,
20 contract, or plan subject to this section that imposes an
21 aggregate lifetime or annual limit on substantially all
22 health, medical, or surgical coverage benefits shall not
23 impose an aggregate lifetime or annual limit on treatment for
24 neurobiological disorders or underlying co-morbidity coverage
25 benefits that is less than the aggregate lifetime or annual
26 limit imposed on substantially all health or medical coverage
27 benefits.

28 c. Coverage required under this section shall be for the
29 treatment of neurobiological disorders and underlying co-
30 morbidity, for services provided by a health professional
31 licensed under chapter 147A, 148, 150A, 152, 154B, 154C, or
32 154D, for services provided in a hospital, clinic, office,
33 community mental health center, health care facility,
34 outpatient treatment facility, residential treatment facility,
35 halfway house, or similar facility for the provision of health

1 care services, and for services provided pursuant to the
2 comprehensive program for treatment for substance abuse
3 maintained by the department of public health pursuant to
4 section 125.12 in a hospital licensed under chapter 135B or a
5 facility licensed under chapter 125.

6 3. This section applies to the following classes of third-
7 party payment provider policies, contracts, or plans
8 delivered, issued for delivery, continued, or renewed in this
9 state on or after January 1, 2004:

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

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

14 c. A plan established pursuant to chapter 509A for public
15 employees.

16 d. An individual or group health maintenance organization
17 contract regulated under chapter 514B.

18 e. An individual or group Medicare supplemental policy,
19 unless coverage pursuant to such policy is preempted by
20 federal law.

21 f. Any other entity engaged in the business of insurance,
22 risk transfer, or risk retention, which is subject to the
23 jurisdiction of the commissioner.

24 g. An organized delivery system licensed by the director
25 of public health.

26 4. The commissioner shall adopt rules pursuant to chapter
27 17A to administer this section.

28 Sec. 2. INSURANCE DIVISION STUDY IN CONJUNCTION WITH STATE
29 AUDITOR.

30 1. The insurance division of the department of commerce,
31 in conjunction with the auditor of state, shall conduct a
32 study of the cost of providing neurobiological disorder
33 coverage benefits in Iowa.

34 2. The study shall assess at least all of the following:

35 a. Identification of the costs attributed to treatment of

1 neurobiological disorders, and to underlying co-morbidity.

2 b. An estimate of the impact of mandated coverage on
3 health care coverage benefit costs and availability.

4 c. Actions taken by the division to ensure that third-
5 party payors subject to this Act are in compliance.

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

12 3. The insurance division shall submit a written report to
13 the general assembly on or before January 30, 2005.

14 Sec. 3. DEPARTMENT OF PUBLIC HEALTH STUDY.

15 1. The department of public health shall conduct a two-
16 year study of the mental health delivery system in Iowa,
17 beginning July 1, 2003.

18 2. The study shall include participation by at least all
19 of the following:

20 a. Representatives of professional health care groups
21 licensed under chapters 147A, 148, 150A, 152, 154B, 154C, and
22 154D.

23 b. Representatives of associations or other groups
24 representing hospitals, clinics, community mental health
25 centers, community corrections and prison corrections, health
26 care facilities, outpatient treatment facilities, and any
27 other facility offering mental health services.

28 c. County supervisors, representatives from the department
29 of human services, judges, mental health advocates, and other
30 state or county officials involved in the provision of mental
31 health services.

32 d. Consumers, family members, and patients.

33 3. The participants in the study shall assess the relevant
34 issues facing the mental health delivery system in Iowa, and
35 shall prepare a report with recommendations for presentation

1 to the general assembly no later than November 1, 2005.

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EXPLANATION

3 This bill creates new Code section 514C.21 and provides
4 that coverage under a policy, contract, or plan for the
5 treatment of a neurobiological disorder and underlying co-
6 morbidity shall be based on rates, terms, and conditions that
7 are no less restrictive than for other health or medical
8 conditions under the policy, contract, or plan.

9 The bill defines "neurobiological disorder" as
10 schizophrenia and other psychotic disorders, affective
11 disorders, anxiety disorders, pervasive developmental
12 disorders, and attention deficit hyperactivity disorder and
13 related disorders, and disorders identified in childhood and
14 adolescence. The commissioner is directed to establish by
15 rule the definition of the neurobiological disorders
16 identified. The definitions established by the commissioner
17 are to be consistent with definitions provided in the most
18 recent edition of the American psychiatric association's
19 diagnostic and statistical manual of mental disorders, as such
20 definitions may be amended from time to time. The
21 commissioner may adopt the definitions provided in such manual
22 by reference.

23 "Co-morbidity" is defined as a coexisting condition or
24 disorder. "Substance abuse" is defined as a pattern of
25 pathological use of alcohol or a drug that causes impairment
26 in social or occupational functioning, or that produces
27 physiological dependency evidenced by physical tolerance or by
28 physical symptoms when the alcohol or drug is withdrawn.

29 The bill provides that the new Code section created applies
30 to third-party payment provider contracts or policies and
31 public employer plans delivered, issued for delivery,
32 continued, or renewed in this state on or after January 1,
33 2004.

34 The bill also provides that the insurance division of the
35 department of commerce, in conjunction with the state auditor,

1 is to conduct a study to determine the cost of providing
2 neurobiological disorder coverage benefits in Iowa. The
3 report is due to the general assembly on or before January 30,
4 2005. The division is directed to focus on certain specific
5 issues in analyzing the cost.

6 The department of public health shall also conduct a two-
7 year study of the mental health delivery system in Iowa. The
8 study begins July 1, 2003, and the report, with
9 recommendations, is due to the general assembly no later than
10 November 2005. Participation shall include specified
11 representatives from certain groups.

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