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SENATE FILE 58

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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
3 services.

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

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SF 58
COMMERCE

1 Section 1. NEW SECTION. 514C.21 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 on
12 at least fifty percent of the employer's working days during
13 the preceding calendar year employed more than fifty full-time
14 equivalent employees. In determining the number of full-time
15 equivalent employees of an employer, employers who are
16 affiliated or who are able to file a consolidated tax return
17 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. The commissioner, by rule, shall define the
2 biologically based mental illnesses identified in subsection
3 3. Definitions established by the commissioner shall be
4 consistent with definitions provided in the most recent
5 edition of the American psychiatric association's diagnostic
6 and statistical manual of mental disorders, as such
7 definitions may be amended from time to time. The
8 commissioner may adopt the definitions provided in such manual
9 by reference.

10 5. This section shall not apply to accident only,
11 specified disease, short-term hospital or medical, hospital
12 confinement indemnity, credit, dental, vision, Medicare
13 supplement, long-term care, basic hospital and medical-
14 surgical expense coverage as defined by the commissioner,
15 disability income insurance coverage, coverage issued as a
16 supplement to liability insurance, workers' compensation or
17 similar insurance, automobile medical payment insurance, or
18 individual accident and sickness policies issued to
19 individuals or to individual members of a member association.

20 6. A carrier, organized delivery system, or plan
21 established pursuant to chapter 509A may manage the benefits
22 provided through common methods including, but not limited to,
23 providing payment of benefits or providing care and treatment
24 under a capitated payment system, prospective reimbursement
25 rate system, utilization control system, incentive system for
26 the use of least restrictive and least costly levels of care,
27 a preferred provider contract limiting choice of specific
28 providers, or any other system, method, or organization
29 designed to ensure that services provided are medically
30 necessary and clinically appropriate.

31 7. a. A group policy, contract, or plan covered under
32 this section shall not impose an aggregate annual or lifetime
33 limit on biologically based mental illness coverage benefits
34 unless the policy, contract, or plan imposes an aggregate
35 annual or lifetime limit on substantially all medical and

1 surgical coverage benefits.

2 b. A group policy, contract, or plan covered under this
3 section that imposes an aggregate annual or lifetime limit on
4 substantially all medical and surgical coverage benefits shall
5 not impose an aggregate annual or lifetime limit on
6 biologically based mental illness coverage benefits which is
7 less than the aggregate annual or lifetime limit imposed on
8 substantially all medical and surgical coverage benefits.

9 8. A group policy, contract, or plan covered under this
10 section shall at a minimum allow for thirty inpatient days and
11 fifty-two outpatient visits annually for each person covered
12 under the policy, contract, or plan. The policy, contract, or
13 plan may also include deductibles, coinsurance, or copayments,
14 provided the amounts and extent of such deductibles,
15 coinsurance, or copayments applicable to other medical or
16 surgical services coverage under the policy, contract, or plan
17 are the same. It is not a violation of this section if the
18 policy, contract, or plan excludes entirely from coverage
19 benefits for the cost of providing the following:

20 a. Marital, family, educational, developmental, or
21 training services.

22 b. Care that is substantially custodial in nature.

23 c. Services and supplies that are not medically necessary
24 or clinically appropriate.

25 d. Experimental treatments.

26 9. This section applies to third-party payment provider
27 policies, contracts, and plans as described in this section
28 that are delivered, issued for delivery, continued, or renewed
29 in this state on or after January 1, 2004.

30 EXPLANATION

31 This bill creates a new Code section 514C.21, providing
32 that a group policy or contract for third-party payment or
33 prepayment of health or medical expenses issued by a carrier,
34 as defined in Code section 513B.2, or by an organized delivery
35 system authorized under 1993 Iowa Acts, chapter 158, shall

1 provide coverage benefits for treatment of a biologically
2 based mental illness if the policy or contract is issued to an
3 employer who on at least 50 percent of the employer's working
4 days during the preceding calendar year employed more than 50
5 full-time equivalent employees; if the policy or contract is
6 issued to a small employer as defined in Code section 513B.2,
7 and such policy or contract provides coverage benefits for the
8 treatment of mental illness; or if the plan is established
9 pursuant to Code chapter 509A for public employees.

10 The bill defines "biologically based mental illness" as
11 psychiatric illnesses including schizophrenia, bipolar
12 disorders, major depressive disorders, schizo-affective
13 disorders, obsessive-compulsive disorders, pervasive
14 developmental disorders, and autistic disorders. The
15 commissioner is directed to establish by rule the definition
16 of the biologically based mental illnesses identified. The
17 definitions established by the commissioner are to be
18 consistent with definitions 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 such manual
23 by reference.

24 The bill provides that a carrier, organized delivery
25 system, or plan established pursuant to Code chapter 509A may
26 manage the benefits provided through common methods including,
27 but not limited to, providing payment of benefits or providing
28 care and treatment under a capitated payment system,
29 prospective reimbursement rate system, utilization control
30 system, incentive system for the use of least restrictive and
31 least costly levels of care, a preferred provider contract
32 limiting choice of specific providers, or any other system,
33 method, or organization designed to assure services are
34 medically necessary and clinically appropriate.

35 The bill provides that a group policy, contract, or plan

1 shall not impose an aggregate annual or lifetime limit on
2 biologically based mental illness coverage benefits unless the
3 policy, contract, or plan imposes an aggregate limit on
4 substantially all medical and surgical coverage benefits, and
5 that a group policy, contract, or plan that imposes an
6 aggregate limit on substantially all medical and surgical
7 coverage benefits shall not impose an aggregate annual or
8 lifetime limit on biologically based mental illness coverage
9 benefits that is less than that imposed on the medical and
10 surgical coverage benefits.

11 The bill requires a group policy, contract, or plan covered
12 under this contract to allow for a minimum of 30 inpatient and
13 52 outpatient days annually for each person covered under the
14 policy, contract, or plan. Any deductibles, coinsurance, or
15 copayments under the policy, contract, or plan must be the
16 same as the deductibles, coinsurance, or copayments applicable
17 to other medical or surgical services covered under the
18 policy, contract, or plan. The policy, contract, or plan may
19 exclude all of the following: (1) marital, family,
20 educational, developmental, or training services; (2)
21 substantially custodial care; (3) services and supplies that
22 are not medically necessary or clinically appropriate; and (4)
23 experimental treatments.

24 The bill provides that the new Code section created applies
25 to third-party payment provider contracts or policies and
26 public employer plans delivered, issued for delivery,
27 continued, or renewed in this state on or after January 1,
28 2004.

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