

Senate Study Bill 1044

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
HUMAN RESOURCES BILL BY
CO=CHAIRPERSON RAGAN)

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:
5 TLSB 1851SC 81
6 av/cf/24

PAG LIN

1 1 Section 1. NEW SECTION. 514C.22 BIOLOGICALLY BASED
1 2 MENTAL ILLNESS COVERAGE.
1 3 1. Notwithstanding the uniformity of treatment
1 4 requirements of section 514C.6, a group policy, contract, or
1 5 plan providing for third-party payment or prepayment of
1 6 health, medical, and surgical coverage benefits issued by a
1 7 carrier, as defined in section 513B.2, or by an organized
1 8 delivery system authorized under 1993 Iowa Acts, chapter 158,
1 9 shall provide coverage benefits for treatment of a
1 10 biologically based mental illness if either of the following
1 11 is satisfied:
1 12 a. The policy, contract, or plan is issued to an employer
1 13 who on at least fifty percent of the employer's working days
1 14 during the preceding calendar year employed more than fifty
1 15 full-time equivalent employees. In determining the number of
1 16 full-time equivalent employees of an employer, employers who
1 17 are affiliated or who are able to file a consolidated tax
1 18 return for purposes of state taxation shall be considered one
1 19 employer.
1 20 b. The policy, contract, or plan is issued to a small
1 21 employer as defined in section 513B.2, and such policy,
1 22 contract, or plan provides coverage benefits for the treatment
1 23 of mental illness.
1 24 2. Notwithstanding the uniformity of treatment
1 25 requirements of section 514C.6, a plan established pursuant to
1 26 chapter 509A for public employees shall provide coverage
1 27 benefits for treatment of a biologically based mental illness.
1 28 3. For purposes of this section, "biologically based
1 29 mental illness" means the following psychiatric illnesses:
1 30 a. Schizophrenia.
1 31 b. Bipolar disorders.
1 32 c. Major depressive disorders.
1 33 d. Schizo-affective disorders.
1 34 e. Obsessive-compulsive disorders.
1 35 f. Pervasive developmental disorders.
2 1 g. Autistic disorders.
2 2 4. The commissioner, by rule, shall define the
2 3 biologically based mental illnesses identified in subsection
2 4 3. Definitions established by the commissioner shall be
2 5 consistent with definitions provided in the most recent
2 6 edition of the American psychiatric association's diagnostic
2 7 and statistical manual of mental disorders, as such
2 8 definitions may be amended from time to time. The
2 9 commissioner may adopt the definitions provided in such manual
2 10 by reference.
2 11 5. This section shall not apply to accident only,
2 12 specified disease, short-term hospital or medical, hospital
2 13 confinement indemnity, credit, dental, vision, Medicare
2 14 supplement, long-term care, basic hospital and medical=
2 15 surgical expense coverage as defined by the commissioner,

2 16 disability income insurance coverage, coverage issued as a
2 17 supplement to liability insurance, workers' compensation or
2 18 similar insurance, or automobile medical payment insurance, or
2 19 individual accident and sickness policies issued to
2 20 individuals or to individual members of a member association.
2 21 6. A carrier, organized delivery system, or plan
2 22 established pursuant to chapter 509A may manage the benefits
2 23 provided through common methods including, but not limited to,
2 24 providing payment of benefits or providing care and treatment
2 25 under a capitated payment system, prospective reimbursement
2 26 rate system, utilization control system, incentive system for
2 27 the use of least restrictive and least costly levels of care,
2 28 a preferred provider contract limiting choice of specific
2 29 providers, or any other system, method, or organization
2 30 designed to assure services are medically necessary and
2 31 clinically appropriate.

2 32 7. a. A group policy, contract, or plan covered under
2 33 this section shall not impose an aggregate annual or lifetime
2 34 limit on biologically based mental illness coverage benefits
2 35 unless the policy, contract, or plan imposes an aggregate
3 1 annual or lifetime limit on substantially all health, medical,
3 2 and surgical coverage benefits.

3 3 b. A group policy, contract, or plan covered under this
3 4 section that imposes an aggregate annual or lifetime limit on
3 5 substantially all health, medical, and surgical coverage
3 6 benefits shall not impose an aggregate annual or lifetime
3 7 limit on biologically based mental illness coverage benefits
3 8 that is less than the aggregate annual or lifetime limit
3 9 imposed on substantially all health, medical, and surgical
3 10 coverage benefits.

3 11 8. A group policy, contract, or plan covered under this
3 12 section shall at a minimum allow for thirty inpatient days and
3 13 fifty-two outpatient visits annually. The policy, contract,
3 14 or plan may also include deductibles, coinsurance, or
3 15 copayments, provided the amounts and extent of such
3 16 deductibles, coinsurance, or copayments applicable to other
3 17 health, medical, or surgical services coverage under the
3 18 policy, contract, or plan are the same. It is not a violation
3 19 of this section if the policy, contract, or plan excludes
3 20 entirely from coverage benefits for the cost of providing the
3 21 following:

3 22 a. Marital, family, educational, developmental, or
3 23 training services.

3 24 b. Care that is substantially custodial in nature.

3 25 c. Services and supplies that are not medically necessary
3 26 or clinically appropriate.

3 27 d. Experimental treatments.

3 28 9. This section applies to the following classes of third=
3 29 party payment provider policies, contracts, or plans referred
3 30 to in subsections 1 and 2 and delivered, issued for delivery,
3 31 continued, or renewed in this state on or after January 1,
3 32 2006:

3 33 a. Group accident and sickness insurance providing
3 34 coverage on an expense-incurred basis.

3 35 b. A group hospital or medical service contract issued
4 1 pursuant to chapter 509, 514, or 514A.

4 2 c. A plan established pursuant to chapter 509A for public
4 3 employees.

4 4 d. A group health maintenance organization contract
4 5 regulated under chapter 514B.

4 6 e. A group Medicare supplemental policy, unless coverage
4 7 pursuant to such policy is preempted by federal law.

4 8 f. Any other entity engaged in the business of insurance,
4 9 risk transfer, or risk retention, which is subject to the
4 10 jurisdiction of the commissioner.

4 11 g. An organized delivery system licensed by the director
4 12 of public health.

4 13 EXPLANATION

4 14 This bill creates a new Code section 514C.22 and provides
4 15 that a group policy, contract, or plan providing for third=
4 16 party payment or prepayment of health, medical, or surgical
4 17 coverage issued by a carrier, as defined in Code section
4 18 513B.2, or by an organized delivery system authorized under
4 19 1993 Iowa Acts, chapter 158, shall provide coverage benefits
4 20 for treatment of a biologically based mental illness if the
4 21 policy, contract, or plan is issued to an employer who on at
4 22 least 50 percent of the employer's working days during the
4 23 preceding calendar year employed more than 50 full-time
4 24 equivalent employees; if the policy, contract, or plan is
4 25 issued to a small employer as defined in Code section 513B.2,
4 26 and such policy, contract, or plan provides coverage benefits

4 27 for the treatment of mental illness; or if the plan is
4 28 established pursuant to Code chapter 509A for public
4 29 employees.

4 30 The bill defines "biologically based mental illness" as
4 31 psychiatric illnesses including schizophrenia, bipolar
4 32 disorders, major depressive disorders, schizo-affective
4 33 disorders, obsessive-compulsive disorders, pervasive
4 34 developmental disorders, and autistic disorders. The
4 35 commissioner is directed to establish by rule the definition
5 1 of the biologically based mental illnesses identified. The
5 2 definitions established by the commissioner are to be
5 3 consistent with definitions provided in the most recent
5 4 edition of the American psychiatric association's diagnostic
5 5 and statistical manual of mental disorders, as such
5 6 definitions may be amended from time to time. The
5 7 commissioner may adopt the definitions provided in such manual
5 8 by reference.

5 9 The bill provides that a carrier, organized delivery
5 10 system, or plan established pursuant to Code chapter 509A may
5 11 manage the benefits provided through common methods including,
5 12 but not limited to, providing payment of benefits or providing
5 13 care and treatment under a capitated payment system,
5 14 prospective reimbursement rate system, utilization control
5 15 system, incentive system for the use of least restrictive and
5 16 least costly levels of care, a preferred provider contract
5 17 limiting choice of specific providers, or any other system,
5 18 method, or organization designed to assure services are
5 19 medically necessary and clinically appropriate.

5 20 The bill provides that the new Code section applies to
5 21 certain specified third-party payment provider policies,
5 22 contracts, and plans delivered, issued for delivery,
5 23 continued, or renewed in this state on or after January 1,
5 24 2006, that provide group insurance coverage.

5 25 LSB 1851SC 81

5 26 av/cf/24