

# Senate Study Bill 1098

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 group insurance coverage for mental health and  
2 substance abuse treatment, and providing for the Act's  
3 applicability.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
5 TLSB 1614XL 81  
6 av/cf/24

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1 1 Section 1. NEW SECTION. 514C.22 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1 23 symptoms when the alcohol or drug is withdrawn.  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 2006.

3 11 9. This section is repealed effective December 31, 2009.

#### 3 12 EXPLANATION

3 13 This bill creates new Code section 514C.22 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, 2006. The new Code section is  
4 12 repealed effective December 31, 2009.

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