

Senate Study Bill 1002

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

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

A BILL FOR

1 An Act requiring health insurance coverage for costs relating to
2 mental health conditions, including alcohol or substance abuse
3 treatment services, and creating a mental health insurance
4 advisory committee.
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
6 TLSB 1524XC 83
7 av/nh/8

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1 1 Section 1. NEW SECTION. 514C.24 MANDATED COVERAGE FOR
1 2 MENTAL HEALTH CONDITIONS == MENTAL HEALTH INSURANCE ADVISORY
1 3 COMMITTEE.
1 4 1. For purposes of this section, unless the context
1 5 otherwise requires:
1 6 a. "Mental health condition" means a condition or disorder
1 7 involving mental illness or alcohol or substance abuse as
1 8 defined by the commissioner of insurance by rule, consistent
1 9 with the diagnostic categories listed in the mental disorders
1 10 section of the most recent version of the diagnostic and
1 11 statistical manual of mental disorders.
1 12 b. "Rates, terms, and conditions" means any lifetime
1 13 payment limits, deductibles, copayments, coinsurance, and any
1 14 other cost-sharing requirements, out-of-pocket limits, visit
1 15 limitations, and any other financial component of benefits
1 16 coverage that affects the covered individual.
1 17 2. a. Notwithstanding section 514C.6, a policy, contract,
1 18 or plan providing for third-party payment or prepayment of
1 19 health or medical expenses shall provide coverage benefits for
1 20 mental health conditions based on rates, terms, and conditions
1 21 which are no more restrictive than the rates, terms, and
1 22 conditions for coverage benefits provided for other health or
1 23 medical conditions under the policy, contract, or plan.
1 24 Additionally, any rates, terms, and conditions involving
1 25 deductibles, copayments, coinsurance, and any other cost=
1 26 sharing requirements shall be cumulative for coverage of both
1 27 mental health conditions and other health or medical
1 28 conditions under the policy, contract, or plan.
1 29 b. Coverage required under this subsection shall be as
1 30 follows:
1 31 (1) For the treatment of mental illness, coverage shall be
1 32 for services provided by a licensed mental health professional
1 33 or services provided in a licensed hospital or health
1 34 facility.
1 35 (2) For the treatment of alcohol or substance abuse,
2 1 coverage shall be for services provided by a substance abuse
2 2 counselor, as approved by the department of human services; a
2 3 licensed health facility providing a program for the treatment
2 4 of alcohol or substance abuse approved by the department of
2 5 human services; or a substance abuse treatment and
2 6 rehabilitation facility, as licensed by the department of
2 7 public health pursuant to chapter 125.
2 8 3. This section applies to the following classes of third=
2 9 party payment provider policies, contracts, or plans
2 10 delivered, issued for delivery, continued, or renewed in this
2 11 state on or after January 1, 2010:
2 12 a. Individual or group accident and sickness insurance
2 13 providing coverage on an expense-incurred basis.
2 14 b. An individual or group hospital or medical service
2 15 contract issued pursuant to chapter 509, 514, or 514A.
2 16 c. A plan established pursuant to chapter 509A for public

2 17 employees.
2 18 d. An individual or group health maintenance organization
2 19 contract regulated under chapter 514B.
2 20 e. An individual or group Medicare supplemental policy,
2 21 unless coverage pursuant to such policy is preempted by
2 22 federal law.
2 23 f. Any other entity engaged in the business of insurance,
2 24 risk transfer, or risk retention, which is subject to the
2 25 jurisdiction of the commissioner.
2 26 g. An organized delivery system licensed by the director
2 27 of public health.
2 28 4. The commissioner shall adopt rules to administer this
2 29 section after consultation with the mental health insurance
2 30 advisory committee.
2 31 a. The commissioner shall appoint members to a mental
2 32 health insurance advisory committee. Members shall include
2 33 all sectors of society impacted by issues associated with
2 34 coverage of mental health treatment by third-party payors
2 35 including but not limited to representatives of the insurance
3 1 industry, small and large employers, employee representatives
3 2 including labor, individual consumers, health care providers,
3 3 and other groups and individuals that may be identified by the
3 4 insurance division of the department of commerce.
3 5 b. The committee shall meet upon the request of the
3 6 commissioner to review rules proposed under this section by
3 7 the commissioner, and to make suggestions as appropriate.
3 8 Sec. 2. Section 514C.22, Code 2009, is repealed effective
3 9 January 1, 2010.

3 10 EXPLANATION

3 11 This bill creates new Code section 514C.24 and provides
3 12 that, effective January 1, 2010, a policy, contract, or plan
3 13 providing for third-party payment or prepayment of health or
3 14 medical expenses must provide coverage benefits for mental
3 15 health conditions based on rates, terms, and conditions which
3 16 are no more restrictive than the rates, terms, and conditions
3 17 associated with coverage benefits provided for other
3 18 conditions under the policy, contract, or plan. "Mental
3 19 health condition" means a condition or disorder involving
3 20 mental illness or alcohol or substance abuse as defined by the
3 21 commissioner of insurance, by rule, consistent with the
3 22 diagnostic categories listed in the mental disorders section
3 23 of the most recent version of the diagnostic and statistical
3 24 manual of mental disorders.

3 25 The bill also requires the insurance commissioner to adopt
3 26 rules to administer the new Code section, after consultation
3 27 with the new mental health insurance advisory committee, whose
3 28 members are appointed by the commissioner including
3 29 representatives from business, insurance, consumer, and health
3 30 groups.

3 31 Code section 514C.22, which currently mandates coverage for
3 32 certain biologically based mental illnesses, is repealed
3 33 effective January 1, 2010.

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