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COMMERCE

SENATE FILE

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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 mental health conditions, and including substance  
3 and alcohol abuse treatment services.

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

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1 Section 1. NEW SECTION. 514C.22 MANDATED COVERAGE FOR  
2 MENTAL HEALTH CONDITIONS.

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

5 a. "Mental health condition" means any of the following:

6 (1) Schizophrenia and other psychotic disorders.

7 (2) Bipolar disorders.

8 (3) Major depressive disorders.

9 (4) Schizo-affective disorders.

10 (5) Anxiety disorders, including post-traumatic stress  
11 disorders and obsessive-compulsive disorders.

12 (6) Pervasive developmental disorders, including autistic  
13 disorders.

14 (7) Alcohol or substance abuse.

15 (8) Eating disorders, including but not limited to bulimia  
16 nervosa and anorexia nervosa.

17 b. "Rates, terms, and conditions" means any lifetime  
18 payment limits, deductibles, copayments, coinsurance, and any  
19 other cost-sharing requirements, out-of-pocket limits, visit  
20 limitations, and any other financial component of benefits  
21 coverage that affects the covered individual.

22 2. a. Notwithstanding section 514C.6, a policy or  
23 contract providing for third-party payment or prepayment of  
24 health or medical expenses shall provide coverage benefits for  
25 mental health conditions based on rates, terms, and conditions  
26 that are no more restrictive than the rates, terms, and  
27 conditions for coverage benefits provided for other health or  
28 medical conditions under the policy or contract.

29 Additionally, any rates, terms, and conditions involving  
30 deductibles, copayments, coinsurance, and any other cost-  
31 sharing requirements shall be cumulative for coverage of both  
32 mental health conditions and other health or medical  
33 conditions under the policy or contract.

34 b. Coverage required under this subsection shall be as  
35 follows:

1 (1) For the treatment of mental illness, coverage shall be  
2 for services provided by a licensed mental health  
3 professional, or services provided in a licensed hospital or  
4 health facility.

5 (2) For the treatment of alcohol or substance abuse,  
6 coverage shall be for services provided by a substance abuse  
7 counselor, as approved by the department of human services, a  
8 licensed health facility providing a program for the treatment  
9 of alcohol or substance abuse approved by the department of  
10 human services, or a substance abuse treatment and  
11 rehabilitation facility, as licensed by the department of  
12 public health pursuant to chapter 125.

13 3. This section applies to the following classes of third-  
14 party payment provider contracts or policies delivered, issued  
15 for delivery, continued, or renewed in this state on or after  
16 January 1, 2006:

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

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

21 c. A plan established pursuant to chapter 509A for public  
22 employees.

23 d. An individual or group health maintenance organization  
24 contract regulated under chapter 514B.

25 e. An individual or group Medicare supplemental policy,  
26 unless coverage pursuant to such policy is preempted by  
27 federal law.

28 f. Any other entity engaged in the business of insurance,  
29 risk transfer, or risk retention, which is subject to the  
30 jurisdiction of the commissioner.

31 g. An organized delivery system licensed by the director  
32 of public health.

33 4. This section shall not apply to employers actively  
34 engaged in business who, on at least fifty percent of the  
35 employer's working days during the preceding calendar year,

1 employed twenty-five or fewer full-time eligible employees.  
2 In determining the number of eligible employees, companies  
3 that are affiliated companies or that are eligible to file a  
4 combined tax return for purposes of state taxation are  
5 considered one employer.

6 5. The commissioner, by rule, shall define the mental  
7 health conditions identified in subsection 1. Definitions  
8 established by the commissioner shall be consistent with  
9 definitions provided in the most recent edition of the  
10 American psychiatric association's diagnostic and statistical  
11 manual of mental disorders, as such definitions may be amended  
12 from time to time. The commissioner may adopt the definitions  
13 provided in such manual by reference.

14 6. The commissioner shall adopt rules to administer this  
15 section after consultation with the mental health insurance  
16 advisory committee.

17 a. The commissioner shall appoint members to a mental  
18 health insurance advisory committee. Members shall include  
19 representatives of all sectors of society impacted by issues  
20 associated with coverage of mental health treatment by third-  
21 party payors including, but not limited to, representatives of  
22 the insurance industry, small and large employers, employee  
23 representatives including labor, individual consumers, health  
24 care providers, and other groups and individuals that may be  
25 identified by the insurance division of the department of  
26 commerce.

27 b. The committee shall meet upon the request of the  
28 commissioner to review rules proposed under this section by  
29 the commissioner, and to make suggestions as appropriate.

30 EXPLANATION

31 This bill creates new Code section 514C.22 and provides  
32 that a policy or contract providing for third-party payment or  
33 prepayment of health or medical expenses, delivered,  
34 continued, or renewed in this state on or after January 1,  
35 2006, must provide coverage benefits for mental health

1 conditions based on rates, terms, and conditions which are no  
2 more restrictive than the rates, terms, and conditions  
3 associated with coverage benefits provided for other  
4 conditions under the policy or contract. Mental health  
5 conditions are defined to mean any of the following:  
6 schizophrenia and other psychotic disorders; bipolar  
7 disorders; major depressive disorders; schizo-affective  
8 disorders; anxiety disorders, including post-traumatic stress  
9 disorders and obsessive-compulsive disorders; pervasive  
10 developmental disorders, including autistic disorders; and  
11 alcohol or substance abuse; or eating disorders, including but  
12 not limited to bulimia nervosa and anorexia nervosa.

13 Employers with 25 or fewer employees are expressly exempted  
14 from the requirements of the bill.

15 The bill directs the insurance commissioner to establish by  
16 rule the definitions of the mental health conditions  
17 identified. The definitions established by the commissioner  
18 are to be consistent with definitions provided in the most  
19 recent edition of the American psychiatric association's  
20 diagnostic 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 also requires the insurance commissioner to adopt  
25 rules to administer this section, after consultation with the  
26 new mental health insurance advisory committee, whose members  
27 are appointed by the commissioner from business, consumer, and  
28 health groups.

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