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SENATE FILE 174 COMMERCE  
BY BEALL, TINSMAN, KREIMAN,  
LUNDBY, RAGAN, CONNOLLY,  
STEWART, QUIRMBACH, DVORSKY,  
DOTZLER, DANIELSON, DEARDEN,  
RIELLY, SCHOENJAHN, BOLKCOM,  
WOOD, COURTNEY, BLACK,  
GRONSTAL, KIBBIE, FRAISE,  
and McCOY

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 including eating disorders,  
3 and for substance abuse treatment services.

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

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SC 174 COMMERCE

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 a condition or disorder  
6 involving mental illness including eating disorders that  
7 include but are not limited to bulimia nervosa and anorexia  
8 nervosa, or alcohol or substance abuse that falls under any of  
9 the diagnostic categories listed in the mental disorders  
10 section of the international classification of disease, as  
11 periodically revised.

12 b. "Rates, terms, and conditions" means any lifetime  
13 payment limits, deductibles, copayments, coinsurance, and any  
14 other cost-sharing requirements, out-of-pocket limits, visit  
15 limitations, and any other financial component of benefits  
16 coverage that affects the covered individual.

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

24 Additionally, any rates, terms, and conditions involving  
25 deductibles, copayments, coinsurance, and any other cost-  
26 sharing requirements shall be cumulative for coverage of both  
27 mental health conditions and other health or medical  
28 conditions under the policy or contract.

29 b. Coverage required under this subsection shall be as  
30 follows:

31 (1) For the treatment of mental illness or eating  
32 disorders, coverage shall be for services provided by a  
33 licensed mental health professional, or services provided in a  
34 licensed hospital or health facility.

35 (2) For the treatment of alcohol or substance abuse,

1 coverage shall be for services provided by a substance abuse  
2 counselor, as approved by the department of human services, a  
3 licensed health facility providing a program for the treatment  
4 of alcohol or substance abuse approved by the department of  
5 human services, or a substance abuse treatment and  
6 rehabilitation facility, as licensed by the department of  
7 public health pursuant to chapter 125.

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

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

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

16 c. A plan established pursuant to chapter 509A for public  
17 employees.

18 d. An individual or group health maintenance organization  
19 contract regulated under chapter 514B.

20 e. An individual or group Medicare supplemental policy,  
21 unless coverage pursuant to such policy is preempted by  
22 federal law.

23 f. Any other entity engaged in the business of insurance,  
24 risk transfer, or risk retention, which is subject to the  
25 jurisdiction of the commissioner.

26 g. An organized delivery system licensed by the director  
27 of public health.

28 4. This section shall not apply to employers actively  
29 engaged in business who, on at least fifty percent of the  
30 employer's working days during the preceding calendar year,  
31 employed twenty-five or fewer full-time eligible employees.  
32 In determining the number of eligible employees, companies  
33 that are affiliated companies or that are eligible to file a  
34 combined tax return for purposes of state taxation are  
35 considered one employer.

1 5. The commissioner shall adopt rules to administer this  
2 section after consultation with the mental health insurance  
3 advisory committee.

4 a. The commissioner shall appoint members to a mental  
5 health insurance advisory committee. Members shall include  
6 representatives of all sectors of society impacted by issues  
7 associated with coverage of mental health treatment by third-  
8 party payors including, but not limited to, representatives of  
9 the insurance industry, small and large employers, employee  
10 representatives including labor, individual consumers, health  
11 care providers, and other groups and individuals that may be  
12 identified by the insurance division of the department of  
13 commerce.

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

17 EXPLANATION

18 This bill creates new Code section 514C.22 and provides  
19 that a policy or contract providing for third-party payment or  
20 prepayment of health or medical expenses, delivered,  
21 continued, or renewed in this state on or after January 1,  
22 2006, must provide coverage benefits for mental health  
23 conditions based on rates, terms, and conditions which are no  
24 more restrictive than the rates, terms, and conditions  
25 associated with coverage benefits provided for other  
26 conditions under the policy or contract. Mental health  
27 conditions are defined to mean a condition or disorder  
28 involving mental illness, including eating disorders that  
29 include but are not limited to bulimia nervosa and anorexia  
30 nervosa, or alcohol or substance abuse that falls under any of  
31 the diagnostic categories listed in the mental disorders  
32 section of the international classification of disease, as  
33 periodically updated.

34 Employers with 25 or fewer employees are expressly exempted  
35 from the requirements of the bill.

1 The bill also requires the insurance commissioner to adopt  
2 rules to administer this section, after consultation with the  
3 new mental health insurance advisory committee, whose members  
4 are appointed by the commissioner from business, consumer, and  
5 health groups.

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