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SENATE FILE **137**
BY TINSMAN and MADDOX

(COMPANION TO HF 107
BY GRUNDBERG)

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 for neurobiological disorder treatment services, and providing
3 for a study of third-party payment of substance abuse
4 coverage.

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

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SF 137
COMMERCE

1 Section 1. NEW SECTION. 514C.21 NEUROBIOLOGICAL
2 DISORDER.

3 1. Notwithstanding the uniformity of treatment
4 requirements of section 514C.6, a group policy or contract
5 providing for third-party payment or prepayment of health or
6 medical expenses issued by a carrier, as defined in section
7 513B.2, or by an organized delivery system authorized under
8 1993 Iowa Acts, chapter 158, shall provide coverage benefits
9 for treatment of a neurobiological disorder if either of the
10 following is satisfied:

11 a. The policy or contract is issued to an employer who on
12 at least fifty percent of the employer's working days during
13 the preceding calendar year employed more than fifty full-time
14 equivalent employees. In determining the number of full-time
15 equivalent employees of an employer, employers who are
16 affiliated or who are able to file a consolidated tax return
17 for purposes of state taxation shall be considered one
18 employer.

19 b. The policy or contract is issued to a small employer as
20 defined in section 513B.2, and such policy or contract
21 provides coverage benefits for the treatment of
22 neurobiological disorder.

23 2. Notwithstanding the uniformity of treatment
24 requirements of section 514C.6, a plan established pursuant to
25 chapter 509A for public employees shall provide coverage
26 benefits for treatment of a neurobiological disorder.

27 3. For purposes of this section:

28 a. "Neurobiological disorder" means the following:

- 29 (1) Schizophrenia and other psychotic disorders.
30 (2) Mood disorders.
31 (3) Anxiety disorders.
32 (4) Pervasive developmental disorders and attention
33 deficit.

34 b. "Substance abuse" means a pattern of pathological use
35 of alcohol or a drug that causes impairment in social or

1 occupational functioning, or that produces physiological
2 dependency evidenced by physical tolerance or by physical
3 symptoms when the alcohol or drug is withdrawn.

4 4. The commissioner, by rule, shall define the
5 neurobiological disorders identified in subsection 3.
6 Definitions established by the commissioner shall be
7 consistent with definitions provided in the most recent
8 edition of the American psychiatric association's diagnostic
9 and statistical manual of mental disorders, as the definitions
10 may be amended from time to time. The commissioner may adopt
11 the definitions provided in such manual by reference.

12 5. This section shall not apply to accident only,
13 specified disease, short-term hospital or medical, hospital
14 confinement indemnity, credit, dental, vision, Medicare
15 supplement, long-term care, basic hospital and medical-
16 surgical expense coverage as defined by the commissioner,
17 disability income insurance coverage, coverage issued as a
18 supplement to liability insurance, workers' compensation or
19 similar insurance, or automobile medical payment insurance, or
20 individual accident and sickness policies issued to
21 individuals or to individual members of a member association.

22 6. A carrier, organized delivery system, or plan
23 established pursuant to chapter 509A may manage the benefits
24 provided through common methods including, but not limited to,
25 providing payment of benefits or providing care and treatment
26 under a capitated payment system, prospective reimbursement
27 rate system, utilization control system, incentive system for
28 the use of least restrictive and least costly levels of care,
29 a preferred provider contract limiting choice of specific
30 providers, or any other system, method, or organization
31 designed to assure services are medically necessary and
32 clinically appropriate.

33 7. a. A group policy or contract or plan covered under
34 this section shall not impose an aggregate annual or lifetime
35 limit on neurobiological disorder coverage benefits unless the

1 policy or contract or plan imposes an aggregate annual or
2 lifetime limit on substantially all medical and surgical
3 coverage benefits.

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

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

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

24 b. Care that is substantially custodial in nature.

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

27 d. Experimental treatments.

28 9. This section applies to third-party payment provider
29 policies or contracts and plans established pursuant to
30 chapter 509A delivered, issued for delivery, continued, or
31 renewed in this state on or after January 1, 2002.

32 Sec. 2. INSURANCE DIVISION STUDY.

33 1. The insurance division of the department of commerce
34 shall conduct a study to determine the impact of providing
35 coverage for substance abuse. The division shall include in

1 the study all of the following:

2 a. An estimate of the impact of mandated coverage for
3 substance abuse treatment on health care coverage benefit
4 costs.

5 b. Actions taken by the division to ensure that third-
6 party payors subject to this Act are in compliance, and that
7 the quality of and access to treatment for substance abuse are
8 not compromised by providing for coverage parity with other
9 coverage benefits provided for other health or medical
10 conditions under third-party payor contracts or policies.

11 c. An analysis and comparison of the choices for treatment
12 of substance abuse with regard to level of access, choice, and
13 financial burden on the individual.

14 d. Identification of any segments of the population of
15 this state that may be excluded from, or have limited access
16 to, treatment for substance abuse, including the number of
17 citizens that may be excluded from, or have limited access to,
18 treatment under third-party payor policies or contracts
19 provided by employers who receive substantial revenue from
20 public sources.

21 2. The insurance division shall submit a written report to
22 the general assembly on or before January 15, 2002.

23 EXPLANATION

24 This bill creates a new Code section 514C.21 and provides
25 that a group policy or contract providing for third-party
26 payment or prepayment of health or medical expenses issued by
27 a carrier, as defined in Code section 513B.2, or by an
28 organized delivery system authorized under 1993 Iowa Acts,
29 chapter 158, shall provide coverage benefits for treatment of
30 a neurobiological disorder if the policy or contract is issued
31 to an employer who on at least 50 percent of the employer's
32 working days during the preceding calendar year employed more
33 than 50 full-time equivalent employees; if the policy or
34 contract is issued to a small employer as defined in Code
35 section 513B.2, and such policy or contract provides coverage

1 benefits for the treatment of mental illness; or if the plan
2 is established pursuant to Code chapter 509A for public
3 employees.

4 The bill defines "neurobiological disorder" as
5 schizophrenia and other psychotic disorders, mood disorders,
6 anxiety disorders, pervasive developmental disorders, and
7 attention deficit. The commissioner is directed to establish
8 by rule the definition of the neurobiological disorders
9 identified. The definitions established by the commissioner
10 are to be consistent with definitions provided in the most
11 recent edition of the American psychiatric association's
12 diagnostic and statistical manual of mental disorders, as such
13 definitions may be amended from time to time. The
14 commissioner may adopt the definitions provided in such manual
15 by reference.

16 "Substance abuse" is defined as a pattern of pathological
17 use of alcohol or a drug that causes impairment in social or
18 occupational functioning, or that produces physiological
19 dependency evidenced by physical tolerance or by physical
20 symptoms when the alcohol or drug is withdrawn.

21 The bill provides that a carrier, organized delivery
22 system, or plan established pursuant to Code chapter 509A may
23 manage the benefits provided through common methods including,
24 but not limited to, providing payment of benefits or providing
25 care and treatment under a capitated payment system,
26 prospective reimbursement rate system, utilization control
27 system, incentive system for the use of least restrictive and
28 least costly levels of care, a preferred provider contract
29 limiting choice of specific providers, or any other system,
30 method, or organization designed to assure services are
31 medically necessary and clinically appropriate.

32 The bill provides that the new Code section created applies
33 to third-party payment provider contracts or policies and
34 public employer plans delivered, issued for delivery,
35 continued, or renewed in this state on or after January 1,

1 2002.

2 The bill also provides that the insurance division of the
3 department of commerce is to conduct a study to determine the
4 impact of providing substance abuse coverage, including an
5 estimate of the impact of substance abuse coverage on health
6 care coverage benefit costs; actions taken by the division to
7 ensure that third-party payors subject to the bill are in
8 compliance, and that the quality of and access to treatment
9 for substance abuse are not compromised by providing for
10 coverage parity with other coverage benefits provided for
11 other health or medical conditions under third-party payor
12 contracts or policies; an analysis and comparison of the
13 choices for treatment of substance abuse provided with regard
14 to level of access, choice, and financial burden on the
15 individual; and identification of any segments of the
16 population of this state that may be excluded from, or have
17 limited access to, treatment for substance abuse, including
18 the number of citizens that may be excluded from, or have
19 limited access to, treatment under third-party payor policies
20 or contracts provided by employers who receive substantial
21 revenue from public sources. The report is to be provided to
22 the general assembly on or before January 15, 2002.

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