

McKibben  
Redwine  
Harper

Succeeded By  
SB/HF 2322

SSB 3195  
Ways and Means

SENATE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
WAYS AND MEANS BILL BY  
CHAIRPERSON MCKIBBEN)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

**A BILL FOR**

1 An Act providing tax credits and related standards for health  
2 care coverage for neurobiological disorders, providing for  
3 insurance and mental health studies, and providing  
4 applicability and effective dates.

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

- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23

1 Section 1. NEW SECTION. 422.11F NEUROBIOLOGICAL DISORDER  
2 TAX CREDITS -- SMALL EMPLOYER -- INDIVIDUALS.

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

5 a. "Benefit package of health care coverage that includes  
6 coverage for neurobiological disorders" means coverage  
7 benefits for treatment for neurobiological disorders based on  
8 terms and conditions that are no more restrictive than the  
9 terms and conditions for coverage benefits provided for other  
10 health care conditions under the policy or contract, and  
11 except that at a minimum the policy or contract shall allow  
12 for thirty inpatient days and fifty-two outpatient visits  
13 annually for treatment for neurobiological disorders.

14 b. "Eligible employer" means a small employer as defined  
15 in section 513B.2, who offers to its employees in the tax year  
16 a benefit package of health care coverage that includes  
17 coverage for neurobiological disorders, and at least fifty  
18 percent of its employees accepted such benefit package. For  
19 purposes of this section, the determination of the percentage  
20 of employees who have accepted the benefit package shall be  
21 made as of the end of the employer's tax year.

22 c. "Eligible individual" means an individual who purchased  
23 in the tax year health care coverage for the individual, the  
24 individual's spouse, or the individual's dependents that  
25 includes a minimum of ten thousand dollars' lifetime maximum  
26 coverage for neurobiological disorders.

27 d. "Neurobiological disorder" means at least the  
28 following:

- 29 (1) Schizophrenia.
- 30 (2) Schizo-affective disorders.
- 31 (3) Bipolar disorders.
- 32 (4) Major depressive disorders.
- 33 (5) Obsessive-compulsive disorders.
- 34 (6) Pervasive developmental disorders.
- 35 (7) Autistic disorder.

1 e. "Terms and conditions" means any lifetime or annual  
2 payment limits, deductibles, copayments, coinsurance, out-of-  
3 pocket limits, and any other cost-sharing requirements or  
4 other financial component of benefits coverage that affects  
5 the covered individual.

6 2. The taxes imposed by this division, less the credits  
7 allowed under sections 422.12 and 422.12B, shall be reduced by  
8 a neurobiological disorder employee benefit tax credit for  
9 each eligible employer who offers health care coverage to its  
10 employees that includes coverage for neurobiological disorders  
11 equal to one percent of the amount of health insurance  
12 premiums paid by the employer during the tax year for the  
13 total number of employees who accept the health care benefit  
14 coverage that includes coverage for neurobiological disorders.

15 a. If the credit is in excess of the employer's tax  
16 liabilities, the excess is nonrefundable but may be credited  
17 to the tax liability for the following ten years or until  
18 depleted, whichever is earlier.

19 b. An individual may claim a neurobiological disorder  
20 employee benefit tax credit allowed a small employer which is  
21 a partnership, limited liability company, S corporation,  
22 estate, or trust electing to have the income taxed directly to  
23 the individual. The amount claimed by the individual shall be  
24 based upon the pro rata share of the individual's earning of  
25 the partnership, limited liability company, S corporation,  
26 estate, or trust.

27 c. If a small employer elects to take the neurobiological  
28 disorder employee benefit tax credit, the small employer shall  
29 reduce, by the amount of the credit, the deduction for Iowa  
30 tax purposes of the amount of the cost of health insurance  
31 premiums paid by the employer during the tax year that  
32 includes coverage for neurobiological disorders that is  
33 deductible for federal tax purposes.

34 d. A policy or contract eligible for a tax credit under  
35 this section may exclude entirely from coverage benefits for

1 the cost of providing the following:

2 (1) Marital, family, educational, developmental, or  
3 training services.

4 (2) Care that is substantially custodial in nature.

5 (3) Services and supplies that are not medically necessary  
6 or clinically appropriate.

7 (4) Experimental treatments.

8 (5) Treatment for substance abuse.

9 e. A carrier or organized delivery system may manage the  
10 benefits of a policy or contract for treatment of  
11 neurobiological disorders that is eligible for a tax credit  
12 under this section through common methods including, but not  
13 limited to, providing payment of benefits or providing care  
14 and treatment under a capitated payment system, prospective  
15 reimbursement rate system, utilization control system,  
16 incentive system for the use of least restrictive and least  
17 costly levels of care, a preferred provider contract limiting  
18 choice of specific providers, or any other system, method, or  
19 organization designed to assure services are medically  
20 necessary and clinically appropriate.

21 3. The taxes imposed by this division, less the credits  
22 allowed under sections 422.12 and 422.12B, shall be reduced by  
23 a neurobiological disorder insurance tax credit for each  
24 eligible individual who purchases health care coverage that  
25 includes a minimum of ten thousand dollars' lifetime maximum  
26 coverage for neurobiological disorders equal to one percent of  
27 the amount of health insurance premiums paid by the individual  
28 for the health care coverage that includes the coverage for  
29 neurobiological disorders.

30 a. If the credit is in excess of the individual's tax  
31 liabilities, the excess is nonrefundable, but may be credited  
32 to the individual's tax liability for the following ten years  
33 or until depleted, whichever is earlier.

34 b. The amount of the credit taken pursuant to this  
35 subsection shall not be considered in the computation of the

1 deduction for medical care expenses under section 213 of the  
2 Internal Revenue Code.

3 Sec. 2. Section 422.33, Code Supplement 2001, is amended  
4 by adding the following new subsection:

5 NEW SUBSECTION. 12. a. For purposes of this subsection,  
6 unless the context otherwise requires:

7 (1) "Benefit package of health care coverage that includes  
8 coverage for neurobiological disorders" means coverage  
9 benefits for treatment for neurobiological disorders based on  
10 terms and conditions that are no more restrictive than the  
11 terms and conditions for coverage benefits provided for other  
12 health care conditions under the policy or contract, and  
13 except that at a minimum the policy or contract shall allow  
14 for thirty inpatient days and fifty-two outpatient visits  
15 annually for treatment for neurobiological disorders.

16 (2) "Eligible employer" means a small employer as defined  
17 in section 513B.2, who offers to its employees in the tax year  
18 a benefit package of health care coverage that includes  
19 coverage for neurobiological disorders, and at least fifty  
20 percent of its employees accepted such benefit package. For  
21 purposes of this section, the determination of the percentage  
22 of employees who have accepted the benefit package shall be  
23 made as of the end of the employer's tax year.

24 (3) "Neurobiological disorder" means at least the  
25 following:

- 26 (a) Schizophrenia.
- 27 (b) Schizo-affective disorders.
- 28 (c) Bipolar disorders.
- 29 (d) Major depressive disorders.
- 30 (e) Obsessive-compulsive disorders.
- 31 (f) Pervasive developmental disorders.
- 32 (g) Autistic disorder.

33 (4) "Terms and conditions" means any lifetime or annual  
34 payment limits, deductibles, copayments, coinsurance, out-of-  
35 pocket limits, and any other cost-sharing requirements or

1 other financial component of benefits coverage that affects  
2 the covered individual.

3 b. The taxes imposed under this division shall be reduced  
4 by a neurobiological disorder employee benefit tax credit for  
5 each eligible employer who offers health care coverage to its  
6 employees that includes coverage for neurobiological disorders  
7 equal to one percent of the amount of health insurance  
8 premiums paid by the employer during the tax year for the  
9 total number of employees who accept the health care benefit  
10 coverage that includes coverage for neurobiological disorders.

11 c. If the credit is in excess of the employer's tax  
12 liabilities, the excess is nonrefundable but may be credited  
13 to the tax liability for the following ten years or until  
14 depleted, whichever is earlier.

15 d. If a small employer elects to take the neurobiological  
16 disorder employee benefit tax credit, the small employer shall  
17 reduce, by the amount of the credit, the deduction for Iowa  
18 tax purposes of the amount of the cost of health insurance  
19 premiums paid by the employer during the tax year that  
20 includes coverage for neurobiological disorders that is  
21 deductible for federal tax purposes.

22 e. A policy or contract eligible for a tax credit under  
23 this subsection may exclude entirely from coverage benefits  
24 for the cost of providing the following:

- 25 (1) Marital, family, educational, developmental, or  
26 training services.  
27 (2) Care that is substantially custodial in nature.  
28 (3) Services and supplies that are not medically necessary  
29 or clinically appropriate.  
30 (4) Experimental treatments.  
31 (5) Treatment for substance abuse.

32 f. A carrier or organized delivery system may manage the  
33 benefits of a policy or contract for treatment of  
34 neurobiological disorders that is eligible for a tax credit  
35 under this subsection through common methods including, but

1 not limited to, providing payment of benefits or providing  
 2 care and treatment under a capitated payment system,  
 3 prospective reimbursement rate system, utilization control  
 4 system, incentive system for the use of least restrictive and  
 5 least costly levels of care, a preferred provider contract  
 6 limiting choice of specific providers, or any other system,  
 7 method, or organization designed to assure services are  
 8 medically necessary and clinically appropriate.

9 Sec. 3. Section 422.60, Code 2001, is amended by adding  
 10 the following new subsection:

11 NEW SUBSECTION. 4. a. For purposes of this subsection,  
 12 unless the context otherwise requires:

13 (1) "Benefit package of health care coverage that includes  
 14 coverage for neurobiological disorders" means coverage  
 15 benefits for treatment for neurobiological disorders based on  
 16 terms and conditions that are no more restrictive than the  
 17 terms and conditions for coverage benefits provided for other  
 18 health care conditions under the policy or contract, and  
 19 except that at a minimum the policy or contract shall allow  
 20 for thirty inpatient days and fifty-two outpatient visits  
 21 annually for treatment for neurobiological disorders.

22 (2) "Eligible employer" means a small employer as defined  
 23 in section 513B.2, who offers to its employees in the tax year  
 24 a benefit package of health care coverage that includes  
 25 coverage for neurobiological disorders, and at least fifty  
 26 percent of its employees accepted such benefit package. For  
 27 purposes of this section, the determination of the percentage  
 28 of employees who have accepted the benefit package shall be  
 29 made as of the end of the employer's tax year.

30 (3) "Neurobiological disorder" means at least the  
 31 following:

- 32 (a) Schizophrenia.
- 33 (b) Schizo-affective disorders.
- 34 (c) Bipolar disorders.
- 35 (d) Major depressive disorders.

1 (e) Obsessive-compulsive disorders.

2 (f) Pervasive developmental disorders.

3 (g) Autistic disorder.

4 (4) "Terms and conditions" means any lifetime or annual  
5 payment limits, deductibles, copayments, coinsurance, out-of-  
6 pocket limits, and any other cost-sharing requirements or  
7 other financial component of benefits coverage that affects  
8 the covered individual.

9 b. The taxes imposed under this division shall be reduced  
10 by a neurobiological disorder employee benefit tax credit for  
11 each eligible employer who offers health care coverage to its  
12 employees that includes coverage for neurobiological disorders  
13 equal to one percent of the amount of health insurance  
14 premiums paid by the employer during the tax year for the  
15 total number of employees who accept the health care benefit  
16 coverage that includes coverage for neurobiological disorders.

17 c. If the credit is in excess of the employer's tax  
18 liabilities, the excess is nonrefundable but may be credited  
19 to the tax liability for the following ten years or until  
20 depleted, whichever is earlier.

21 d. If a small employer elects to take the neurobiological  
22 disorder employee benefit tax credit, the small employer shall  
23 reduce, by the amount of the credit, the deduction for Iowa  
24 tax purposes of the amount of the cost of health insurance  
25 premiums paid by the employer during the tax year that  
26 includes coverage for neurobiological disorders that is  
27 deductible for federal tax purposes.

28 e. A policy or contract eligible for a tax credit under  
29 this subsection may exclude entirely from coverage benefits  
30 for the cost of providing the following:

31 (1) Marital, family, educational, developmental, or  
32 training services.

33 (2) Care that is substantially custodial in nature.

34 (3) Services and supplies that are not medically necessary  
35 or clinically appropriate.

1 (4) Experimental treatments.

2 (5) Treatment for substance abuse.

3 f. A carrier or organized delivery system may manage the  
4 benefits of a policy or contract for treatment of  
5 neurobiological disorders that is eligible for a tax credit  
6 under this subsection through common methods including, but  
7 not limited to, providing payment of benefits or providing  
8 care and treatment under a capitated payment system,  
9 prospective reimbursement rate system, utilization control  
10 system, incentive system for the use of least restrictive and  
11 least costly levels of care, a preferred provider contract  
12 limiting choice of specific providers, or any other system,  
13 method, or organization designed to assure services are  
14 medically necessary and clinically appropriate.

15 Sec. 4. NEW SECTION. 432.15 NEUROBIOLOGICAL DISORDER  
16 EMPLOYEE BENEFIT TAX CREDIT -- SMALL EMPLOYER.

17 1. For purposes of this subsection, unless the context  
18 otherwise requires:

19 a. "Benefit package of health care coverage that includes  
20 coverage for neurobiological disorders" means coverage  
21 benefits for treatment for neurobiological disorders based on  
22 terms and conditions that are no more restrictive than the  
23 terms and conditions for coverage benefits provided for other  
24 health care conditions under the policy or contract, and  
25 except that at a minimum the policy or contract shall allow  
26 for thirty inpatient days and fifty-two outpatient visits  
27 annually for treatment for neurobiological disorders.

28 b. "Eligible employer" means a small employer as defined  
29 in section 513B.2, who offers to its employees in the tax year  
30 a benefit package of health care coverage that includes  
31 coverage for neurobiological disorders, and at least fifty  
32 percent of its employees accepted such benefit package. For  
33 purposes of this subsection, the determination of the  
34 percentage of employees who have accepted the benefit package  
35 shall be made as of the end of the employer's tax year.

1 c. "Neurobiological disorder" means at least the  
2 following:

- 3 (1) Schizophrenia.
- 4 (2) Schizo-affective disorders.
- 5 (3) Bipolar disorders.
- 6 (4) Major depressive disorders.
- 7 (5) Obsessive-compulsive disorders.
- 8 (6) Pervasive developmental disorders.
- 9 (7) Autistic disorder.

10 d. "Terms and conditions" means any lifetime or annual  
11 payment limits, deductibles, copayments, coinsurance, out-of-  
12 pocket limits, and any other cost-sharing requirements or  
13 other financial component of benefits coverage that affects  
14 the covered individual.

15 2. Taxes imposed under this chapter shall be reduced by a  
16 neurobiological disorder employee benefit tax credit for each  
17 eligible employer who offers health care coverage to its  
18 employees that includes coverage for neurobiological disorders  
19 equal to one percent of the amount of health insurance  
20 premiums paid by the employer during the tax year for the  
21 total number of employees who accept the health care benefit  
22 coverage that includes coverage for neurobiological disorders.

23 3. If the credit is in excess of the employer's tax  
24 liabilities, the excess is nonrefundable but may be credited  
25 to the tax liability for the following ten years or until  
26 depleted, whichever is earlier.

27 4. A policy or contract eligible for a tax credit under  
28 this section may exclude entirely from coverage benefits for  
29 the cost of providing the following:

- 30 a. Marital, family, educational, developmental, or  
31 training services.
- 32 b. Care that is substantially custodial in nature.
- 33 c. Services and supplies that are not medically necessary  
34 or clinically appropriate.
- 35 d. Experimental treatments.

1 e. Treatment for substance abuse.

2 5. A carrier or organized delivery system may manage the  
3 benefits of a policy or contract for treatment of  
4 neurobiological disorders eligible for a tax credit under this  
5 section through common methods including, but not limited to,  
6 providing payment of benefits or providing care and treatment  
7 under a capitated payment system, prospective reimbursement  
8 rate system, utilization control system, incentive system for  
9 the use of least restrictive and least costly levels of care,  
10 a preferred provider contract limiting choice of specific  
11 providers, or any other system, method, or organization  
12 designed to assure services are medically necessary and  
13 clinically appropriate.

14 Sec. 5. INSURANCE DIVISION STUDY IN CONJUNCTION WITH STATE  
15 AUDITOR.

16 1. The insurance division of the department of commerce,  
17 in conjunction with the state auditor, shall conduct a study  
18 of the cost of providing neurobiological disorder coverage  
19 benefits in Iowa.

20 2. The study shall assess at least all of the following:

21 a. Identification of the costs attributed to treatment of  
22 neurobiological disorders, and to underlying co-morbidity.

23 b. An estimate of the impact of mandated coverage on  
24 health care coverage benefit costs and availability.

25 c. Actions taken by the division to ensure that third-  
26 party payors subject to this Act are in compliance.

27 d. Identification of any segments of the population of  
28 this state that may be excluded from, or have limited access  
29 to, treatment, including the number of citizens that may be  
30 excluded from, or have limited access to, treatment under  
31 third-party payor policies or contracts provided by employers  
32 who receive substantial revenue from public sources.

33 3. The insurance division shall submit a written report to  
34 the general assembly on or before January 30, 2005.

35 Sec. 6. DEPARTMENT OF PUBLIC HEALTH STUDY.

1 1. The department of public health shall conduct a two-  
2 year study of the mental health delivery system in Iowa,  
3 beginning July 1, 2002.

4 2. The study shall include participation by at least all  
5 of the following:

6 a. Representatives of professional health care groups  
7 licensed or certified under chapters 147A, 148, 150A, 152,  
8 154B, 154C, and 154D.

9 b. Representatives of associations or other groups  
10 representing hospitals, clinics, community mental health  
11 centers, community corrections and prison corrections, health  
12 care facilities, outpatient treatment facilities, and any  
13 other facility offering mental health services.

14 c. County supervisors, representatives from the department  
15 of human services, judges, mental health advocates, and other  
16 state or county officials involved in the provision of mental  
17 health services.

18 d. Consumers, family members, and patients.

19 3. The participants in the study shall assess the relevant  
20 issues facing the mental health delivery system in Iowa, and  
21 shall prepare a report with recommendations for presentation  
22 to the general assembly no later than November 1, 2004.

23 Sec. 7. EFFECTIVE DATES AND APPLICABILITY.

24 1. Except as provided in subsection 2, this Act takes  
25 effect January 1, 2003. The tax credits for employers and  
26 individuals created in this Act apply to tax years beginning  
27 on or after January 1, 2003, and the requirements related to  
28 affected insurance policies and contracts apply to policies  
29 and contracts delivered, issued for delivery, continued, or  
30 renewed in this state on or after January 1, 2003.

31 2. The sections of this Act requiring the insurance  
32 division of the department of commerce and the department of  
33 public health to conduct studies take effect July 1, 2002.

34 EXPLANATION

35 This bill provides for two different kinds of tax credits:

1 one for small employers who offer small group health care  
 2 coverage for employees that includes coverage for  
 3 neurobiological disorders, and one for individuals who  
 4 purchase health care coverage for the individual, the  
 5 individual's spouse or dependents that includes a minimum ten  
 6 thousand dollars' lifetime maximum coverage for  
 7 neurobiological disorders. Tax credit provisions for small  
 8 employers are created in Code sections 422.11F, 422.33,  
 9 422.60, and 432.15. The tax credit for individuals is in Code  
 10 section 422.11F, subsection 3. The bill defines  
 11 "neurobiological disorder" as at least the following  
 12 psychiatric illnesses: schizophrenia, schizo-affective  
 13 disorders, bipolar disorders, major depressive disorders,  
 14 obsessive-compulsive disorders, pervasive developmental  
 15 disorders, and autistic disorder.

16 "Benefit package of health care coverage that includes  
 17 coverage for neurobiological disorders" is defined to mean  
 18 terms and conditions for neurobiological conditions that are  
 19 no more restrictive than the terms and conditions for coverage  
 20 benefits for other health care conditions under the policy or  
 21 contract, except that at a minimum the policy or contract  
 22 shall allow for 30 inpatient days and 52 outpatient visits  
 23 annually for treatment for neurobiological disorders. The  
 24 bill also provides definitions for "eligible employer",  
 25 "eligible individual", and "terms and conditions".

26 A small employer qualifies for the tax credit only if 50  
 27 percent of the employees accept the benefit package that  
 28 includes coverage for neurobiological disorders. The amount  
 29 of the tax credit is equal to 1 percent of the premium for  
 30 individuals; for small employers that amount is 1 percent of  
 31 the premiums for the total number of employees accepting the  
 32 coverage that includes coverage for neurobiological disorders.  
 33 Tax credit in excess of liability is nonrefundable but may be  
 34 carried forward to future years. If a small employer or  
 35 individual elects to take the tax credit, the amount of the

1 credit may not also be considered a deductible expense.

2 For small employers, the bill provides that a policy or  
3 contract eligible for a tax credit under the bill may exclude  
4 coverage for marital, family, educational, developmental, or  
5 training services; custodial care; care that is not medically  
6 necessary or clinically appropriate; experimental treatment;  
7 and treatment for substance abuse. The bill also provides for  
8 small employers that a carrier or organized delivery system  
9 may manage the benefits provided through common methods  
10 including, but not limited to, providing payment of benefits  
11 or providing care and treatment under a capitated payment  
12 system, prospective reimbursement rate system, utilization  
13 control system, incentive system for the use of least  
14 restrictive and least costly levels of care, a preferred  
15 provider contract limiting choice of specific providers, or  
16 any other system, method, or organization designed to assure  
17 services are medically necessary and clinically appropriate.

18 The bill requires a joint study by the insurance division  
19 and state auditor regarding the costs of providing  
20 neurobiological disorder coverage benefits to be submitted to  
21 the general assembly by January 30, 2005. The bill also  
22 requires a two-year study of the mental health delivery system  
23 coordinated by the department of public health, for  
24 presentation to the general assembly by November 1, 2004.

25 The bill takes effect January 1, 2003, and the tax credits  
26 apply to tax years beginning on or after January 1, 2003; the  
27 insurance requirements apply to policies or contracts  
28 delivered, issued for delivery, continued, or renewed in this  
29 state on or after January 1, 2003; and the study requirements  
30 take effect July 1, 2002.

31

32

33

34

35

FILED MAR 27 2002

SENATE FILE 2322

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SSB 3195)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

**A BILL FOR**

1 An Act providing tax credits and related standards for health  
2 care coverage for neurobiological disorders, providing for  
3 insurance and mental health studies, and providing  
4 applicability and effective dates.

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

6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23

SF 2322

1 Section 1. NEW SECTION. 422.11F NEUROBIOLOGICAL DISORDER  
2 TAX CREDITS -- SMALL EMPLOYER -- INDIVIDUALS.

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

5 a. "Benefit package of health care coverage that includes  
6 coverage for neurobiological disorders" means coverage  
7 benefits for treatment for neurobiological disorders based on  
8 terms and conditions that are no more restrictive than the  
9 terms and conditions for coverage benefits provided for other  
10 health care conditions under the policy or contract, and  
11 except that at a minimum the policy or contract shall allow  
12 for thirty inpatient days and fifty-two outpatient visits  
13 annually for treatment for neurobiological disorders.

14 b. "Eligible employer" means a small employer as defined  
15 in section 513B.2, who offers to its employees in the tax year  
16 a benefit package of health care coverage that includes  
17 coverage for neurobiological disorders, and at least fifty  
18 percent of its employees accepted such benefit package. For  
19 purposes of this section, the determination of the percentage  
20 of employees who have accepted the benefit package shall be  
21 made as of the end of the employer's tax year.

22 c. "Eligible individual" means an individual who purchased  
23 in the tax year health care coverage for the individual, the  
24 individual's spouse, or the individual's dependents that  
25 includes a minimum of ten thousand dollars' lifetime maximum  
26 coverage for neurobiological disorders.

27 d. "Neurobiological disorder" means at least the  
28 following:

- 29 (1) Schizophrenia.
- 30 (2) Schizo-affective disorders.
- 31 (3) Bipolar disorders.
- 32 (4) Major depressive disorders.
- 33 (5) Obsessive-compulsive disorders.
- 34 (6) Pervasive developmental disorders.
- 35 (7) Autistic disorder.

1 e. "Terms and conditions" means any lifetime or annual  
2 payment limits, deductibles, copayments, coinsurance, out-of-  
3 pocket limits, and any other cost-sharing requirements or  
4 other financial component of benefits coverage that affects  
5 the covered individual.

6 2. The taxes imposed by this division, less the credits  
7 allowed under sections 422.12 and 422.12B, shall be reduced by  
8 a neurobiological disorder employee benefit tax credit for  
9 each eligible employer who offers health care coverage to its  
10 employees that includes coverage for neurobiological disorders  
11 equal to one percent of the amount of health insurance  
12 premiums paid by the employer during the tax year for the  
13 total number of employees who accept the health care benefit  
14 coverage that includes coverage for neurobiological disorders.

15 a. If the credit is in excess of the employer's tax  
16 liabilities, the excess is nonrefundable but may be credited  
17 to the tax liability for the following ten years or until  
18 depleted, whichever is earlier.

19 b. An individual may claim a neurobiological disorder  
20 employee benefit tax credit allowed a small employer which is  
21 a partnership, limited liability company, S corporation,  
22 estate, or trust electing to have the income taxed directly to  
23 the individual. The amount claimed by the individual shall be  
24 based upon the pro rata share of the individual's earning of  
25 the partnership, limited liability company, S corporation,  
26 estate, or trust.

27 c. If a small employer elects to take the neurobiological  
28 disorder employee benefit tax credit, the small employer shall  
29 reduce, by the amount of the credit, the deduction for Iowa  
30 tax purposes of the amount of the cost of health insurance  
31 premiums paid by the employer during the tax year that  
32 includes coverage for neurobiological disorders that is  
33 deductible for federal tax purposes.

34 d. A policy or contract eligible for a tax credit under  
35 this section may exclude entirely from coverage benefits for

1 the cost of providing the following:

2 (1) Marital, family, educational, developmental, or  
3 training services.

4 (2) Care that is substantially custodial in nature.

5 (3) Services and supplies that are not medically necessary  
6 or clinically appropriate.

7 (4) Experimental treatments.

8 (5) Treatment for substance abuse.

9 e. A carrier or organized delivery system may manage the  
10 benefits of a policy or contract for treatment of  
11 neurobiological disorders that is eligible for a tax credit  
12 under this section through common methods including, but not  
13 limited to, providing payment of benefits or providing care  
14 and treatment under a capitated payment system, prospective  
15 reimbursement rate system, utilization control system,  
16 incentive system for the use of least restrictive and least  
17 costly levels of care, a preferred provider contract limiting  
18 choice of specific providers, or any other system, method, or  
19 organization designed to assure services are medically  
20 necessary and clinically appropriate.

21 3. The taxes imposed by this division, less the credits  
22 allowed under sections 422.12 and 422.12B, shall be reduced by  
23 a neurobiological disorder insurance tax credit for each  
24 eligible individual who purchases health care coverage that  
25 includes a minimum of ten thousand dollars' lifetime maximum  
26 coverage for neurobiological disorders equal to one percent of  
27 the amount of health insurance premiums paid by the individual  
28 for the health care coverage that includes the coverage for  
29 neurobiological disorders.

30 a. If the credit is in excess of the individual's tax  
31 liabilities, the excess is nonrefundable, but may be credited  
32 to the individual's tax liability for the following ten years  
33 or until depleted, whichever is earlier.

34 b. The amount of the credit taken pursuant to this  
35 subsection shall not be considered in the computation of the

1 deduction for medical care expenses under section 213 of the  
2 Internal Revenue Code.

3 Sec. 2. Section 422.33, Code Supplement 2001, is amended  
4 by adding the following new subsection:

5 NEW SUBSECTION. 12. a. For purposes of this subsection,  
6 unless the context otherwise requires:

7 (1) "Benefit package of health care coverage that includes  
8 coverage for neurobiological disorders" means coverage  
9 benefits for treatment for neurobiological disorders based on  
10 terms and conditions that are no more restrictive than the  
11 terms and conditions for coverage benefits provided for other  
12 health care conditions under the policy or contract, and  
13 except that at a minimum the policy or contract shall allow  
14 for thirty inpatient days and fifty-two outpatient visits  
15 annually for treatment for neurobiological disorders.

16 (2) "Eligible employer" means a small employer as defined  
17 in section 513B.2, who offers to its employees in the tax year  
18 a benefit package of health care coverage that includes  
19 coverage for neurobiological disorders, and at least fifty  
20 percent of its employees accepted such benefit package. For  
21 purposes of this section, the determination of the percentage  
22 of employees who have accepted the benefit package shall be  
23 made as of the end of the employer's tax year.

24 (3) "Neurobiological disorder" means at least the  
25 following:

- 26 (a) Schizophrenia.
- 27 (b) Schizo-affective disorders.
- 28 (c) Bipolar disorders.
- 29 (d) Major depressive disorders.
- 30 (e) Obsessive-compulsive disorders.
- 31 (f) Pervasive developmental disorders.
- 32 (g) Autistic disorder.

33 (4) "Terms and conditions" means any lifetime or annual  
34 payment limits, deductibles, copayments, coinsurance, out-of-  
35 pocket limits, and any other cost-sharing requirements or

1 other financial component of benefits coverage that affects  
2 the covered individual.

3 b. The taxes imposed under this division shall be reduced  
4 by a neurobiological disorder employee benefit tax credit for  
5 each eligible employer who offers health care coverage to its  
6 employees that includes coverage for neurobiological disorders  
7 equal to one percent of the amount of health insurance  
8 premiums paid by the employer during the tax year for the  
9 total number of employees who accept the health care benefit  
10 coverage that includes coverage for neurobiological disorders.

11 c. If the credit is in excess of the employer's tax  
12 liabilities, the excess is nonrefundable but may be credited  
13 to the tax liability for the following ten years or until  
14 depleted, whichever is earlier.

15 d. If a small employer elects to take the neurobiological  
16 disorder employee benefit tax credit, the small employer shall  
17 reduce, by the amount of the credit, the deduction for Iowa  
18 tax purposes of the amount of the cost of health insurance  
19 premiums paid by the employer during the tax year that  
20 includes coverage for neurobiological disorders that is  
21 deductible for federal tax purposes.

22 e. A policy or contract eligible for a tax credit under  
23 this subsection may exclude entirely from coverage benefits  
24 for the cost of providing the following:

25 (1) Marital, family, educational, developmental, or  
26 training services.

27 (2) Care that is substantially custodial in nature.

28 (3) Services and supplies that are not medically necessary  
29 or clinically appropriate.

30 (4) Experimental treatments.

31 (5) Treatment for substance abuse.

32 f. A carrier or organized delivery system may manage the  
33 benefits of a policy or contract for treatment of  
34 neurobiological disorders that is eligible for a tax credit  
35 under this subsection through common methods including, but

1 not limited to, providing payment of benefits or providing  
2 care and treatment under a capitated payment system,  
3 prospective reimbursement rate system, utilization control  
4 system, incentive system for the use of least restrictive and  
5 least costly levels of care, a preferred provider contract  
6 limiting choice of specific providers, or any other system,  
7 method, or organization designed to assure services are  
8 medically necessary and clinically appropriate.

9 Sec. 3. Section 422.60, Code 2001, is amended by adding  
10 the following new subsection:

11 NEW SUBSECTION. 4. a. For purposes of this subsection,  
12 unless the context otherwise requires:

13 (1) "Benefit package of health care coverage that includes  
14 coverage for neurobiological disorders" means coverage  
15 benefits for treatment for neurobiological disorders based on  
16 terms and conditions that are no more restrictive than the  
17 terms and conditions for coverage benefits provided for other  
18 health care conditions under the policy or contract, and  
19 except that at a minimum the policy or contract shall allow  
20 for thirty inpatient days and fifty-two outpatient visits  
21 annually for treatment for neurobiological disorders.

22 (2) "Eligible employer" means a small employer as defined  
23 in section 513B.2, who offers to its employees in the tax year  
24 a benefit package of health care coverage that includes  
25 coverage for neurobiological disorders, and at least fifty  
26 percent of its employees accepted such benefit package. For  
27 purposes of this section, the determination of the percentage  
28 of employees who have accepted the benefit package shall be  
29 made as of the end of the employer's tax year.

30 (3) "Neurobiological disorder" means at least the  
31 following:

- 32 (a) Schizophrenia.
- 33 (b) Schizo-affective disorders.
- 34 (c) Bipolar disorders.
- 35 (d) Major depressive disorders.

1 (e) Obsessive-compulsive disorders.

2 (f) Pervasive developmental disorders.

3 (g) Autistic disorder.

4 (4) "Terms and conditions" means any lifetime or annual  
5 payment limits, deductibles, copayments, coinsurance, out-of-  
6 pocket limits, and any other cost-sharing requirements or  
7 other financial component of benefits coverage that affects  
8 the covered individual.

9 b. The taxes imposed under this division shall be reduced  
10 by a neurobiological disorder employee benefit tax credit for  
11 each eligible employer who offers health care coverage to its  
12 employees that includes coverage for neurobiological disorders  
13 equal to one percent of the amount of health insurance  
14 premiums paid by the employer during the tax year for the  
15 total number of employees who accept the health care benefit  
16 coverage that includes coverage for neurobiological disorders.

17 c. If the credit is in excess of the employer's tax  
18 liabilities, the excess is nonrefundable but may be credited  
19 to the tax liability for the following ten years or until  
20 depleted, whichever is earlier.

21 d. If a small employer elects to take the neurobiological  
22 disorder employee benefit tax credit, the small employer shall  
23 reduce, by the amount of the credit, the deduction for Iowa  
24 tax purposes of the amount of the cost of health insurance  
25 premiums paid by the employer during the tax year that  
26 includes coverage for neurobiological disorders that is  
27 deductible for federal tax purposes.

28 e. A policy or contract eligible for a tax credit under  
29 this subsection may exclude entirely from coverage benefits  
30 for the cost of providing the following:

31 (1) Marital, family, educational, developmental, or  
32 training services.

33 (2) Care that is substantially custodial in nature.

34 (3) Services and supplies that are not medically necessary  
35 or clinically appropriate.

1 (4) Experimental treatments.

2 (5) Treatment for substance abuse.

3 f. A carrier or organized delivery system may manage the  
4 benefits of a policy or contract for treatment of  
5 neurobiological disorders that is eligible for a tax credit  
6 under this subsection through common methods including, but  
7 not limited to, providing payment of benefits or providing  
8 care and treatment under a capitated payment system,  
9 prospective reimbursement rate system, utilization control  
10 system, incentive system for the use of least restrictive and  
11 least costly levels of care, a preferred provider contract  
12 limiting choice of specific providers, or any other system,  
13 method, or organization designed to assure services are  
14 medically necessary and clinically appropriate.

15 Sec. 4. NEW SECTION. 432.15 NEUROBIOLOGICAL DISORDER  
16 EMPLOYEE BENEFIT TAX CREDIT -- SMALL EMPLOYER.

17 1. For purposes of this subsection, unless the context  
18 otherwise requires:

19 a. "Benefit package of health care coverage that includes  
20 coverage for neurobiological disorders" means coverage  
21 benefits for treatment for neurobiological disorders based on  
22 terms and conditions that are no more restrictive than the  
23 terms and conditions for coverage benefits provided for other  
24 health care conditions under the policy or contract, and  
25 except that at a minimum the policy or contract shall allow  
26 for thirty inpatient days and fifty-two outpatient visits  
27 annually for treatment for neurobiological disorders.

28 b. "Eligible employer" means a small employer as defined  
29 in section 513B.2, who offers to its employees in the tax year  
30 a benefit package of health care coverage that includes  
31 coverage for neurobiological disorders, and at least fifty  
32 percent of its employees accepted such benefit package. For  
33 purposes of this subsection, the determination of the  
34 percentage of employees who have accepted the benefit package  
35 shall be made as of the end of the employer's tax year.

1 c. "Neurobiological disorder" means at least the  
2 following:

- 3 (1) Schizophrenia.
- 4 (2) Schizo-affective disorders.
- 5 (3) Bipolar disorders.
- 6 (4) Major depressive disorders.
- 7 (5) Obsessive-compulsive disorders.
- 8 (6) Pervasive developmental disorders.
- 9 (7) Autistic disorder.

10 d. "Terms and conditions" means any lifetime or annual  
11 payment limits, deductibles, copayments, coinsurance, out-of-  
12 pocket limits, and any other cost-sharing requirements or  
13 other financial component of benefits coverage that affects  
14 the covered individual.

15 2. Taxes imposed under this chapter shall be reduced by a  
16 neurobiological disorder employee benefit tax credit for each  
17 eligible employer who offers health care coverage to its  
18 employees that includes coverage for neurobiological disorders  
19 equal to one percent of the amount of health insurance  
20 premiums paid by the employer during the tax year for the  
21 total number of employees who accept the health care benefit  
22 coverage that includes coverage for neurobiological disorders.

23 3. If the credit is in excess of the employer's tax  
24 liabilities, the excess is nonrefundable but may be credited  
25 to the tax liability for the following ten years or until  
26 depleted, whichever is earlier.

27 4. A policy or contract eligible for a tax credit under  
28 this section may exclude entirely from coverage benefits for  
29 the cost of providing the following:

- 30 a. Marital, family, educational, developmental, or  
31 training services.
- 32 b. Care that is substantially custodial in nature.
- 33 c. Services and supplies that are not medically necessary  
34 or clinically appropriate.
- 35 d. Experimental treatments.

1 e. Treatment for substance abuse.

2 5. A carrier or organized delivery system may manage the  
3 benefits of a policy or contract for treatment of  
4 neurobiological disorders eligible for a tax credit under this  
5 section through common methods including, but not limited to,  
6 providing payment of benefits or providing care and treatment  
7 under a capitated payment system, prospective reimbursement  
8 rate system, utilization control system, incentive system for  
9 the use of least restrictive and least costly levels of care,  
10 a preferred provider contract limiting choice of specific  
11 providers, or any other system, method, or organization  
12 designed to assure services are medically necessary and  
13 clinically appropriate.

14 Sec. 5. INSURANCE DIVISION STUDY IN CONJUNCTION WITH STATE  
15 AUDITOR.

16 1. The insurance division of the department of commerce,  
17 in conjunction with the state auditor, shall conduct a study  
18 of the cost of providing neurobiological disorder coverage  
19 benefits in Iowa.

20 2. The study shall assess at least all of the following:

21 a. Identification of the costs attributed to treatment of  
22 neurobiological disorders, and to underlying co-morbidity.

23 b. An estimate of the impact of mandated coverage on  
24 health care coverage benefit costs and availability.

25 c. Actions taken by the division to ensure that third-  
26 party payors subject to this Act are in compliance.

27 d. Identification of any segments of the population of  
28 this state that may be excluded from, or have limited access  
29 to, treatment, including the number of citizens that may be  
30 excluded from, or have limited access to, treatment under  
31 third-party payor policies or contracts provided by employers  
32 who receive substantial revenue from public sources.

33 3. The insurance division shall submit a written report to  
34 the general assembly on or before January 30, 2005.

35 Sec. 6. DEPARTMENT OF PUBLIC HEALTH STUDY.

1 1. The department of public health shall conduct a two-  
2 year study of the mental health delivery system in Iowa,  
3 beginning July 1, 2002.

4 2. The study shall include participation by at least all  
5 of the following:

6 a. Representatives of professional health care groups  
7 licensed or certified under chapters 147A, 148, 150A, 152,  
8 154B, 154C, and 154D.

9 b. Representatives of associations or other groups  
10 representing hospitals, clinics, community mental health  
11 centers, community corrections and prison corrections, health  
12 care facilities, outpatient treatment facilities, and any  
13 other facility offering mental health services.

14 c. County supervisors, representatives from the department  
15 of human services, judges, mental health advocates, and other  
16 state or county officials involved in the provision of mental  
17 health services.

18 d. Consumers, family members, and patients.

19 3. The participants in the study shall assess the relevant  
20 issues facing the mental health delivery system in Iowa, and  
21 shall prepare a report with recommendations for presentation  
22 to the general assembly no later than November 1, 2004.

23 Sec. 7. EFFECTIVE DATES AND APPLICABILITY.

24 1. Except as provided in subsection 2, this Act takes  
25 effect January 1, 2003. The tax credits for employers and  
26 individuals created in this Act apply to tax years beginning  
27 on or after January 1, 2003, for premiums paid on or after  
28 July 1, 2003; and the requirements related to affected  
29 insurance policies and contracts apply to policies and  
30 contracts delivered, issued for delivery, continued, or  
31 renewed in this state on or after January 1, 2003.

32 2. The sections of this Act requiring the insurance  
33 division of the department of commerce and the department of  
34 public health to conduct studies take effect July 1, 2002.

35

EXPLANATION

1 This bill provides for two different kinds of tax credits:  
2 one for small employers who offer small group health care  
3 coverage for employees that includes coverage for  
4 neurobiological disorders, and one for individuals who  
5 purchase health care coverage for the individual, the  
6 individual's spouse or dependents that includes a minimum ten  
7 thousand dollars' lifetime maximum coverage for  
8 neurobiological disorders. Tax credit provisions for small  
9 employers are created in Code sections 422.11F, 422.33,  
10 422.60, and 432.15. The tax credit for individuals is in Code  
11 section 422.11F, subsection 3. The bill defines  
12 "neurobiological disorder" as at least the following  
13 psychiatric illnesses: schizophrenia, schizo-affective  
14 disorders, bipolar disorders, major depressive disorders,  
15 obsessive-compulsive disorders, pervasive developmental  
16 disorders, and autistic disorder.

17 "Benefit package of health care coverage that includes  
18 coverage for neurobiological disorders" is defined to mean  
19 terms and conditions for neurobiological conditions that are  
20 no more restrictive than the terms and conditions for coverage  
21 benefits for other health care conditions under the policy or  
22 contract, except that at a minimum the policy or contract  
23 shall allow for 30 inpatient days and 52 outpatient visits  
24 annually for treatment for neurobiological disorders. The  
25 bill also provides definitions for "eligible employer",  
26 "eligible individual", and "terms and conditions".

27 A small employer qualifies for the tax credit only if 50  
28 percent of the employees accept the benefit package that  
29 includes coverage for neurobiological disorders. The amount  
30 of the tax credit is equal to 1 percent of the premium for  
31 individuals; for small employers that amount is 1 percent of  
32 the premiums for the total number of employees accepting the  
33 coverage that includes coverage for neurobiological disorders.  
34 Tax credit in excess of liability is nonrefundable but may be  
35 carried forward to future years. If a small employer or

1 individual elects to take the tax credit, the amount of the  
2 credit may not also be considered a deductible expense.

3 For small employers, the bill provides that a policy or  
4 contract eligible for a tax credit under the bill may exclude  
5 coverage for marital, family, educational, developmental, or  
6 training services; custodial care; care that is not medically  
7 necessary or clinically appropriate; experimental treatment;  
8 and treatment for substance abuse. The bill also provides for  
9 small employers that a carrier or organized delivery system  
10 may manage the benefits provided through common methods  
11 including, but not limited to, providing payment of benefits  
12 or providing care and treatment under a capitated payment  
13 system, prospective reimbursement rate system, utilization  
14 control system, incentive system for the use of least  
15 restrictive and least costly levels of care, a preferred  
16 provider contract limiting choice of specific providers, or  
17 any other system, method, or organization designed to assure  
18 services are medically necessary and clinically appropriate.

19 The bill requires a joint study by the insurance division  
20 and state auditor regarding the costs of providing  
21 neurobiological disorder coverage benefits to be submitted to  
22 the general assembly by January 30, 2005. The bill also  
23 requires a two-year study of the mental health delivery system  
24 coordinated by the department of public health, for  
25 presentation to the general assembly by November 1, 2004.

26 The bill takes effect January 1, 2003, and the tax credits  
27 apply to tax years beginning on or after January 1, 2003, for  
28 premiums paid on or after July 1, 2003; the insurance  
29 requirements apply to policies or contracts delivered, issued  
30 for delivery, continued, or renewed in this state on or after  
31 January 1, 2003; and the study requirements take effect July  
32 1, 2002.

33  
34  
35

## SENATE FILE 2322

S-5275

1 Amend Senate File 2322 as follows:

2 1. By striking everything after the enacting  
3 clause and inserting the following:

4 "Section 1. NEW SECTION. 514C.21 MANDATED  
5 COVERAGE FOR NEUROBIOLOGICAL DISORDERS AND UNDERLYING  
6 CO-MORBIDITY.

7 1. For purposes of this section, unless the  
8 context otherwise requires:

9 a. "Co-morbidity" means the coexistence of  
10 conditions or diagnosable disorders such as  
11 neurobiological disorders and substance abuse. For  
12 purposes of this section, "substance abuse" means a  
13 pattern of pathological use of alcohol or a drug that  
14 causes impairment in social or occupational  
15 functioning, or that produces physiological dependency  
16 evidenced by physical tolerance or by physical  
17 symptoms when the alcohol or drug is withdrawn.

18 b. "Neurobiological disorder" means the following:

19 (1) Schizophrenia and other psychotic disorders.

20 (2) Affective disorders.

21 (3) Anxiety disorders.

22 (4) Pervasive developmental disorders.

23 (5) Attention deficit hyperactivity disorder and  
24 related disorders.

25 (6) Disorders identified in childhood and  
26 adolescence.

27 The commissioner, by rule, shall identify the  
28 neurobiological disorders covered by this definition,  
29 consistent with the guidelines provided in the most  
30 recent edition of the American psychiatric  
31 association's diagnostic and statistical manual of  
32 mental disorders, as such definitions may be amended  
33 from time to time. The commissioner may adopt the  
34 definitions provided in the manual by reference.

35 c. "Rates, terms, and conditions" means any  
36 lifetime or annual payment limits, deductibles,  
37 copayments, coinsurance, and any other cost-sharing  
38 requirements, out-of-pocket limits, visit limitations,  
39 and any other financial component of benefits coverage  
40 that affects the covered individual.

41 2. a. Notwithstanding the uniformity of treatment  
42 requirements of section 514C.6, a policy, contract, or  
43 plan providing for third-party payment or prepayment  
44 of health or medical expenses shall provide coverage  
45 benefits for treatment for neurobiological disorders  
46 and underlying co-morbidity based on rates, terms, and  
47 conditions that are no more restrictive than the  
48 rates, terms, and conditions for coverage benefits  
49 provided for other health or medical conditions under  
50 the policy, contract, or plan.

S-5275

-1-

**S-5275**

Page 2

1 b. Any restrictions or limitations with respect to  
2 rates, terms, and conditions involving deductibles,  
3 copayments, coinsurance, and any other cost-sharing  
4 requirements shall be cumulative for coverage of  
5 treatment for neurobiological disorders and underlying  
6 co-morbidity and other health or medical conditions  
7 under a policy, contract, or plan. A policy,  
8 contract, or plan subject to this section shall not  
9 impose an aggregate lifetime or annual limit on  
10 treatment for neurobiological disorders and underlying  
11 co-morbidity coverage benefits unless the policy,  
12 contract, or plan imposes an aggregate lifetime or  
13 annual limit on substantially all health or medical  
14 coverage benefits. A policy, contract, or plan  
15 subject to this section that imposes an aggregate  
16 lifetime or annual limit on substantially all medical  
17 and surgical coverage benefits shall not impose an  
18 aggregate lifetime or annual limit on treatment for  
19 neurobiological disorders and underlying co-morbidity  
20 coverage benefits that is less than the aggregate  
21 lifetime or annual limit imposed on substantially all  
22 health or medical coverage benefits.

23 c. Coverage required under this section shall be  
24 for the treatment of neurobiological disorders and  
25 underlying co-morbidity, for services provided by a  
26 health professional licensed under chapter 147A, 148,  
27 150A, 152, 154B, 154C, or 154D, for services provided  
28 in a hospital, clinic, office, community mental health  
29 center, health care facility, outpatient treatment  
30 facility, residential treatment facility, halfway  
31 house, or similar facility for the provision of health  
32 care services, and for services provided pursuant to  
33 the comprehensive program for treatment for substance  
34 abuse maintained by the department of public health  
35 pursuant to section 125.12 in a hospital licensed  
36 under chapter 135B or a facility licensed under  
37 chapter 125.

38 3. This section applies to the following classes  
39 of third-party payment provider policies, contracts,  
40 or plans delivered, issued for delivery, continued, or  
41 renewed in this state on or after January 1, 2003:

42 a. Individual or group accident and sickness  
43 insurance providing coverage on an expense-incurred  
44 basis.

45 b. An individual or group hospital or medical  
46 service contract issued pursuant to chapter 509, 514,  
47 or 514A.

48 c. A plan established pursuant to chapter 509A for  
49 public employees.

50 d. An individual or group health maintenance

**S-5275**

-2-

**S-5275**

Page 3

1 organization contract regulated under chapter 514B.

2 e. An individual or group Medicare supplemental  
3 policy, unless coverage pursuant to such policy is  
4 preempted by federal law.

5 f. Any other entity engaged in the business of  
6 insurance, risk transfer, or risk retention, which is  
7 subject to the jurisdiction of the commissioner.

8 g. An organized delivery system licensed by the  
9 director of public health.

10 4. The commissioner shall adopt rules pursuant to  
11 chapter 17A to administer this section.

12 Sec. 2. INSURANCE DIVISION STUDY IN CONJUNCTION  
13 WITH STATE AUDITOR.

14 1. The insurance division of the department of  
15 commerce, in conjunction with the state auditor, shall  
16 conduct a study of the cost of providing  
17 neurobiological disorder coverage benefits in Iowa.

18 2. The study shall assess at least all of the  
19 following:

20 a. Identification of the costs attributed to  
21 treatment of neurobiological disorders, and to  
22 underlying co-morbidity.

23 b. An estimate of the impact of mandated coverage  
24 on health care coverage benefit costs and  
25 availability.

26 c. Actions taken by the division to ensure that  
27 third-party payors subject to this Act are in  
28 compliance.

29 d. Identification of any segments of the  
30 population of this state that may be excluded from, or  
31 have limited access to, treatment, including the  
32 number of citizens that may be excluded from, or have  
33 limited access to, treatment under third-party payor  
34 policies or contracts provided by employers who  
35 receive substantial revenue from public sources.

36 3. The insurance division shall submit a written  
37 report to the general assembly on or before January  
38 30, 2005.

39 Sec. 3. DEPARTMENT OF PUBLIC HEALTH STUDY.

40 1. The department of public health shall conduct a  
41 two-year study of the mental health delivery system in  
42 Iowa, beginning July 1, 2002.

43 2. The study shall include participation by at  
44 least all of the following:

45 a. Representatives of professional health care  
46 groups licensed under chapters 147A, 148, 150A, 152,  
47 154B, 154C, and 154D.

48 b. Representatives of associations or other groups  
49 representing hospitals, clinics, community mental  
50 health centers, community corrections and prison

**S-5275**

-3-

**S-5275**

Page 4

1 corrections, health care facilities, outpatient  
2 treatment facilities, and any other facility offering  
3 mental health services.

4 c. County supervisors, representatives from the  
5 department of human services, judges, mental health  
6 advocates, and other state or county officials  
7 involved in the provision of mental health services.

8 d. Consumers, family members, and patients.

9 3. The participants in the study shall assess the  
10 relevant issues facing the mental health delivery  
11 system in Iowa, and shall prepare a report with  
12 recommendations for presentation to the general  
13 assembly no later than November 1, 2004."

14 2. Title page, line 1, by striking the words "tax  
15 credits and related".

16 3. Title page, line 2, by inserting after the  
17 word "disorders," the following: "and".

18 4. Title page, lines 3 and 4, by striking the  
19 words ", and providing applicability and effective  
20 dates".

21 5. By renumbering, redesignating, and correcting  
22 internal references as necessary.

**By** THOMAS FIEGEN  
MIKE CONNOLLY  
MATT McCOY  
WALLY E. HORN  
JACK HOLVECK  
JOHN P. KIBBIE  
JOE BOLKCOM  
BILL FINK  
DICK L. DEARDEN  
EUGENE S. FRAISE  
ROBERT E. DVORSKY

DENNIS H. BLACK  
STEVEN D. HANSEN  
TOM FLYNN  
MARK SHEARER  
PATRICIA HARPER  
PATRICK J. DELUHERY  
AMANDA RAGAN  
JOHNIE HAMMOND  
MICHAEL E. GRONSTAL  
MARY A. LUNDBY  
MAGGIE TINSMAN

**S-5275** FILED MARCH 28, 2002

ADOPTED

(p 852)

## SENATE FILE 2322

S-5277

1 Amend the amendment, S-5275, to Senate File 2322,  
2 as follows:

3 1. By striking page 1, line 4 through page 4,  
4 line 13, and inserting the following:

5 ""Section 1. NEW SECTION. 514C.21 MENTAL HEALTH  
6 AND SUBSTANCE ABUSE TREATMENT COVERAGE.

7 1. a. Notwithstanding section 514C.6, a policy or  
8 contract providing for third-party payment or  
9 prepayment of health or medical expenses shall provide  
10 coverage benefits for mental health and substance  
11 abuse conditions based on rates, terms, and conditions  
12 which are no more restrictive than the rates, terms,  
13 and conditions for coverage benefits provided for  
14 other health or medical conditions under the policy or  
15 contract.

16 b. Coverage required under this section includes  
17 the following:

18 (1) For the treatment of mental illness, services  
19 provided by a licensed mental health professional, or  
20 services provided in a licensed hospital or health  
21 facility.

22 (2) For the treatment of substance abuse or other  
23 addictive disorder, services provided by a qualified  
24 professional as defined by rule of the Iowa department  
25 of public health, a licensed health facility providing  
26 a program for the treatment of substance abuse or  
27 other addictive disorder approved by the Iowa  
28 department of public health, or a licensed substance  
29 abuse treatment and rehabilitation facility.

30 2. This section applies to the following classes  
31 of third-party payment provider contracts or policies  
32 delivered, issued for delivery, continued, or renewed  
33 in this state on or after January 1, 2003:

34 a. Individual or group accident and sickness  
35 insurance providing coverage on an expense-incurred  
36 basis.

37 b. An individual or group hospital or medical  
38 service contract issued pursuant to chapter 509, 514,  
39 or 514A.

40 c. An individual or group health maintenance  
41 organization contract regulated under chapter 514B.

42 d. An individual or group Medicare supplemental  
43 policy, unless coverage pursuant to such policy is  
44 preempted by federal law.

45 e. An organized delivery system licensed by the  
46 director of public health.

47 f. Any other entity engaged in the business of  
48 insurance, risk transfer, or risk retention, which is  
49 subject to the jurisdiction of the commissioner.

50 3. For purposes of this section, unless the

S-5277

-1-

S-5277

Page 2

1 context otherwise requires:  
 2 a. "Mental health or substance abuse condition"  
 3 means a condition or disorder involving mental illness  
 4 or substance abuse or other addictive disorder which  
 5 is included in the diagnostic categories listed in the  
 6 mental disorders section of the international  
 7 classification of disease, as periodically revised.  
 8 b. "Rates, terms, and conditions" means lifetime  
 9 payment limits, deductibles, copayments, coinsurance,  
 10 and any other cost-sharing requirements, out-of-pocket  
 11 limits, visit limitations, and any other financial  
 12 component of benefits coverage that affects the  
 13 covered individual."  
 14 2. Page 4, striking lines 16 and 17, and  
 15 inserting the following:  
 16 "\_\_\_\_. Title page, line 2, by striking the words  
 17 "neurobiological disorders," and inserting the  
 18 following: "mental health and substance abuse  
 19 conditions, and".  
 20 3. By renumbering, redesignating, and correcting  
 21 internal references as necessary.

<b>By</b> MARK SHEARER	BILL FINK
STEVEN D. HANSEN	PATRICIA HARPER
JACK HOLVECK	ROBERT E. DVORSKY
MIKE CONNOLLY	JOHNIE HAMMOND
THOMAS FIEGEN	MICHAEL E. GRONSTAL
AMANDA RAGAN	JOHN P. KIBBIE
TOM FLYNN	WALLY E. HORN
PATRICK J. DELUHERY	DICK L. DEARDEN
JOE BOLKCOM	EUGENE S. FRAISE

S-5277 FILED MARCH 28, 2002  
 LOST

(P. 853)

**SENATE FILE 2322****S-5278**

1 Amend Senate File 2322 as follows:

2 1. Page 1, line 13, by inserting after the word  
3 "disorders" the following: ", and that the  
4 neurobiological disorders covered for treatment under  
5 the policy or contract shall at a minimum cover the  
6 neurobiological disorders listed in paragraph "d" but  
7 may also cover other illnesses commonly referred to as  
8 neurobiological disorders".

9 2. Page 1, line 27, by striking the words "at  
10 least".

11 3. Page 4, line 15, by inserting after the word  
12 "disorders" the following: ", and that the  
13 neurobiological disorders covered for treatment under  
14 the policy or contract shall at a minimum cover the  
15 neurobiological disorders listed in subparagraph (3)  
16 but may also cover other illnesses commonly referred  
17 to as neurobiological disorders".

18 4. Page 4, line 24, by striking the words "at  
19 least".

20 5. Page 6, line 21, by inserting after the word  
21 "disorders" the following: ", and that the  
22 neurobiological disorders covered for treatment under  
23 the policy or contract shall at a minimum cover the  
24 neurobiological disorders listed in subparagraph (3)  
25 but may also cover other illnesses commonly referred  
26 to as neurobiological disorders".

27 6. Page 6, line 30, by striking the words "at  
28 least".

29 7. Page 8, line 27, by inserting after the word  
30 "disorders" the following: ", and that the  
31 neurobiological disorders covered for treatment under  
32 the policy or contract shall at a minimum cover the  
33 neurobiological disorders listed in paragraph "c" but  
34 may also cover other illnesses commonly referred to as  
35 neurobiological disorders".

36 8. Page 9, line 1, by striking the words "at  
37 least".

**By** LARRY MCKIBBEN

**S-5278** FILED MARCH 28, 2002

RULED OUT OF ORDER

(P 854)