

1 HB677
2 27601-5
3 By Representatives Black (M), Allen, Lindsey, Oden, Hill,
4 Johnson, Galliher, Rogers (J), Newton (C), Dukes, Hawk,
5 Morrow, Clouse, Jones, Thigpen, Haney, Millican, Layson,
6 Morrison, Dean, Page, Kennedy, Warren, Humphryes, Hurst, Boyd,
7 McClammy, Sanderford, Robinson (J), Hall (L) and Knight
8 RFD: Health
9 First Read: 09-MAR-2000

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Enrolled, An Act,

To provide every group health benefit plan issued or renewed in this state shall offer coverage for mental illness on the same basis as for physical illness; to provide for conditions, exclusions, utilization review protocols and limitation of coverage; to provide certain reports shall be made to the Commissioner of Insurance; and to provide for an effective date.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. The Legislature finds the following:

(1) Mental illness affects many citizens of this state each year, resulting in anguish, grief, desperation, fear, isolation, and a sense of hopelessness of significant levels among victims and families.

(2) Consequences of mental illness include the significant expenditures of public operating funds for treatment and losses of millions of dollars by businesses in the state in accidents, absenteeism, nonproductivity, and turnover. Excessive stress and anxiety and other forms of mental illness clearly contribute to general health problems and costs.

(3) Typical health coverage in this state by some insurers provides individuals and affected families of mental illness with nonexistent or limited benefits compared to provisions for other illnesses.

1 (4) Experience in this state and several other
2 states demonstrates that the risk of mental illness can be
3 insured at reasonable additional cost, provided strict
4 controls on quality and utilization of treatment are applied.

5 Section 2. The Legislature declares that the
6 following is the policy of this state:

7 (1) To promote equitable and nondiscriminatory
8 health coverage benefits for all forms of illness including
9 mental and emotional disorders that are of significant
10 consequence to the health of people of the state and that can
11 be treated in a cost-effective manner.

12 (2) To ensure that victims of mental and other
13 illnesses have access to and choice of appropriate treatment
14 at the earliest point of illness in the least restrictive
15 settings.

16 (3) To ensure that costs of treatment of mental
17 illness are supported through an equitable combination of
18 public and private responsibilities.

19 Section 3. For purposes of this act, the following
20 terms have the following meanings:

21 (1) DAY TREATMENT SERVICES. Includes, but is not
22 limited to: Physiological, psychological and psychosocial
23 concepts, techniques, and processes necessary to maintain or
24 develop functional skills of clients, provided to individuals
25 and groups for periods of more than two hours but less than 24
26 hours a day.

1 (2) HEALTH BENEFIT PLAN. A health care service plan
2 governed by the provisions of Article 6, Chapter 4, Title 10,
3 Code of Alabama 1975, and a group health insurance policy,
4 including an employee welfare health benefit plan, that covers
5 hospital, medical, or surgical expenses, issued by insurers,
6 health maintenance organizations, preferred provider
7 organizations, medical service organizations,
8 physician-hospital organizations, or any other person, firm,
9 corporation, joint venture, or other similar business entity
10 that pays for, purchases, or furnishes health care services to
11 patients, insureds, or beneficiaries in this state. For the
12 purpose of this act, a group health benefit plan located or
13 domiciled outside of the State of Alabama is deemed to be
14 subject to the provisions of this act if it receives,
15 processes, adjudicates, pays or denies claims for health care
16 services submitted by or on behalf of patients, insureds, or
17 beneficiaries who reside in the State of Alabama or who
18 receive health care services in the State of Alabama.

19 (3) INPATIENT SERVICES. Includes, but is not limited
20 to: A range of physiological, psychological, and other
21 intervention concepts, techniques, and processes used in a
22 community mental health psychiatric inpatient unit, general
23 hospital psychiatric unit or psychiatric hospital licensed by
24 the Department of Health, or in an accredited public hospital
25 to restore psychosocial functioning sufficient to allow

1 maintenance and support of the client in a less restrictive
2 setting.

3 (4) OUTPATIENT SERVICES. Includes, but is not
4 limited to: Screening, evaluation, consultations, diagnosis,
5 and treatment involving use of physiological, psychological
6 and psychosocial evaluative and interventive concepts,
7 techniques, and processes provided to individuals and groups.

8 (5) PROVIDER. An appropriately licensed mental
9 health professional, an accredited public hospital or
10 psychiatric hospital, or a community agency certified as a
11 community mental health center by the Department of Mental
12 Health and Mental Retardation. All agency or institutional
13 providers named in this subdivision shall ensure that services
14 are supervised by an appropriately licensed mental health
15 professional.

16 In the case of service benefit plans which provide
17 coverage for mental illness services through a limited network
18 of selected mental health providers, the term "provider" means
19 a person or entity who is duly selected and participating via
20 contract or other arrangement with the insurer or other issuer
21 of benefit coverage under selection criteria (including the
22 designation of types of providers for which coverage is
23 provided as well as credentialing used in the selection of
24 providers) solely determined by such issuer.

25 Section 4. Each group health benefit plan shall
26 offer to provide, at a minimum, the following additional

1 benefits for a person suffering from a mental or nervous
2 condition:

3 (1) Inpatient services.

4 (2) Day treatment services.

5 (3) Outpatient services.

6 Section 5. (a) All group health benefit plans shall
7 offer to provide, at a minimum, additional benefits according
8 to this act for a person receiving medical treatment for any
9 of the following mental illnesses diagnosed by an
10 appropriately licensed provider.

11 (1) Schizophrenia, schizophrenia form disorder,
12 schizo affective disorder.

13 (2) Bipolar disorder.

14 (3) Panic disorder.

15 (4) Obsessive-compulsive disorder.

16 (5) Major depressive disorder.

17 (6) Anxiety disorders.

18 (7) Mood disorders.

19 (8) Any condition or disorder involving mental
20 illness, excluding alcohol and substance abuse, that falls
21 under any of the diagnostic categories listed in the mental
22 disorders section of the International Classification of
23 Disease, as periodically revised.

24 (b) All group health benefit plans, policies,
25 contracts, and certificates executed, delivered, issued for
26 delivery, continued or renewed in this state on or after

1 January 1, 2001, shall offer, at the time of proposal ~~or sale,~~
 2 sale or renewal of a policy subject to this act, to provide
 3 additional mental health benefits which meet the requirements
 4 of this act. For purposes of this subdivision, all contracts
 5 are deemed renewed no later than the next yearly anniversary
 6 of the contract date.

7 (1) The group health benefit plan shall offer to
 8 provide benefits for the treatment and diagnosis of mental
 9 illnesses under terms and conditions that are no less
 10 extensive than the benefits provided for medical treatment for
 11 physical illnesses.

12 (2) At the request of a reimbursing group health
 13 benefit plan, a provider of medical treatment for mental
 14 illness shall furnish data substantiating that initial or
 15 continued treatment is medically necessary and appropriate.
 16 When making the determination of whether treatment is
 17 medically necessary and appropriate, the insurer or other
 18 issuer of the group health benefit plan shall use the same
 19 criteria for medical treatment for mental illness as for
 20 medical treatment for physical illness under the contract.

21 (3) This act does not apply to group health benefit
 22 plans covering employers with ~~40~~50 or fewer employees, whether
 23 group policy is issued to the employer, to an association, to
 24 a multiple-employer trust or to another entity.

25 (4) This act does not require and shall not be
 26 construed to require coverage and benefits for the treatment

1 of alcoholism and other drug dependencies through the
2 diagnosis of a mental illness listed in subsection (a).

3 (5) This act does not require and shall not be
4 construed to require the coverage of services of providers who
5 are not designated as covered providers, or who are not
6 selected as a participating provider, by a group health
7 benefit plan or issuer having a participating network of
8 service providers. Provided, however, reasonable effort shall
9 be made to include a sufficient number of qualified providers
10 to insure reasonable access to services.

11 (6) Insurers and other issuers of limited or
12 restricted mental health provider networks shall continue to
13 be able to establish and apply selection criteria and
14 utilization protocols for mental health providers including
15 the designation of types of providers for which coverage is
16 provided as well as credentialing criteria used in the
17 selection of providers.

18 (7) Provided further, employer sponsors of group
19 health benefit plans are not required to purchase additional
20 coverage for mental health services that are offered pursuant
21 to this act.

22 Section 6. (a) A group health benefit plan, policy,
23 or contract that provides coverage for the services to be
24 offered pursuant to this act may contain provisions for
25 maximum benefits and coinsurance and limitations, deductibles,
26 exclusions and utilization review protocols to the extent that

1 these provisions are not inconsistent with the requirements of
2 this act.

3 (b) The issuer of a group health benefit plan,
4 policy or contract may either disclose the additional premium
5 for such additional mental health benefits to the prospective
6 contract holder and allow the contract holder to elect such
7 additional benefits on an optional basis; or conform its
8 policies, contracts or certificates issued on and after the
9 effective date of this act and adjust its premium costs to
10 reflect the additional benefit costs.

11 Section 7. Every issuer of a group health benefit
12 plan subject to this act shall provide a cost report for each
13 calendar year to the Commissioner of Insurance no later than
14 April 30th of the following year. The report shall be in a
15 form prescribed by the commissioner and shall include
16 certification of parity in mental health benefits and total
17 annual costs of mental health services relative to total
18 health costs. The commissioner shall compile this data for all
19 health benefit plans in an annual report solely for the
20 purpose of demonstrating the health cost impact of the
21 requirements of this act.

22 Section 8. This act shall supersede subsection (c),
23 Section 27-1-18, Code of Alabama 1975, and any other
24 conflicting laws to the extent there is a conflict with this
25 act.

1 Section 9. The provisions of this act are severable.
2 If any part of this act is declared invalid or
3 unconstitutional, that declaration shall not affect the part
4 which remains.

5 Section 10. This act shall become effective January
6 1, 2001, following its passage and approval by the Governor,
7 or its otherwise becoming law.

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Speaker of the House of Representatives

President and Presiding Officer of the Senate

House of Representatives

I hereby certify that the within Act originated in
and was passed by the House 23-MAR-2000, as amended.

Greg Pappas
Clerk

Senate

27-APR-2000

Passed