

HOUSE BILL 355

Introduced by O'Keefe, et al.

1/22	Introduced
1/22	Referred to Humans Services & Aging
1/23	First Reading
1/23	Fiscal Note Requested
1/28	Fiscal Note Received
1/29	Fiscal Note Printed
1/30	Hearing
2/06	Tabled in Committee
2/22	Committee Report--Bill Passed as Amended
2/26	2nd Reading Do Pass As Amended Failed

1 *House* BILL NO. *355*  
 2 INTRODUCED BY *Rep. Bob Brown*  
 3 *Rice* *Stacy*

4 A BILL FOR AN ACT ENTITLED: "AN ACT INCREASING THE MINIMUM  
 5 MANDATORY INSURANCE COVERAGE PROVIDED UNDER GROUP HEALTH  
 6 PLANS WITH REGARD TO MENTAL ILLNESS, ALCOHOLISM, AND DRUG  
 7 ADDICTION; PROVIDING SEPARATE MINIMUM AMOUNTS FOR ADULTS AND  
 8 MINORS; PROVIDING FOR ADJUSTMENT OF MINIMUM AMOUNTS EVERY 3  
 9 YEARS BASED ON THE CONSUMER PRICE INDEX; REQUIRING AN  
 10 INSURER TO PAY FOR ALL TYPES OF TREATMENT AND OTHER BENEFITS  
 11 PROVIDED OR PRESCRIBED BY A HEALTH CARE PROFESSIONAL;  
 12 AMENDING SECTION 33-22-703, MCA; AND PROVIDING AN EFFECTIVE  
 13 DATE."

14  
 15 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

16 **Section 1.** Section 33-22-703, MCA, is amended to read:  
 17 "33-22-703. Coverage for mental illness, alcoholism,  
 18 and drug addiction. (1) Insurers, health service  
 19 corporations, or any employees' health and welfare fund that  
 20 provides accident and health insurance benefits to residents  
 21 of this state under group health insurance or group health  
 22 plans shall provide, for Montana residents covered under  
 23 hospital and medical expenses incurred insurance group  
 24 policies and under hospital and medical service plan group  
 25 contracts, the level of benefits specified in this section

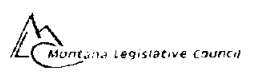
1 for the necessary care and treatment of mental illness,  
 2 alcoholism, and drug addiction, subject to the right of the  
 3 applicant to select any alternative level of benefits above  
 4 the minimum level of benefits described in subsections  
 5 ~~(1)(a)(ii)~~, ~~(1)(b)(i)~~, ~~(1)(b)(ii)~~, and  
 6 ~~(1)(b)(iv)~~ as may be offered by the insurer or health  
 7 service corporation:

8 ~~(a)~~ under basic inpatient expense policies or  
 9 contracts, inpatient hospital benefits consisting of  
 10 durational limits, dollar limits, deductibles, and  
 11 coinsurance factors that are not less favorable than for  
 12 physical illness generally, except that:

13 ~~(i)~~ benefits may not be limited to ~~not~~ less than 30  
 14 calendar days per year as defined in the policy or contract;  
 15 ~~(ii)~~ the aggregate maximum benefit for alcoholism and  
 16 drug addiction of inpatient expenses under basic inpatient  
 17 policies and contracts plus inpatient expenses under major  
 18 medical policies and contracts may not be limited to ~~no~~ less  
 19 than:

20 ~~(A)~~ \$4,000 \$8,000 for an adult and \$10,000 for a  
 21 minor in any 24-month period; and  
 22 ~~(B)~~ \$8,000 \$16,000 for an adult and \$20,000 for a  
 23 minor in lifetime benefits;

24 ~~(b)~~ under major medical policies or contracts,  
 25 inpatient benefits and outpatient benefits consisting of



-2- INTRODUCED BILL  
 HB 355

1 durational limits, dollar limits, deductibles, and  
2 coinsurance factors that are not less favorable than for  
3 physical illness generally, except that:

4 ~~(a)~~(i) inpatient benefits may not be limited to no less  
5 than 30 calendar days per year as defined in the policy or  
6 contract. If inpatient benefits are provided beyond 30  
7 calendar days per year, the durational limits, dollar  
8 limits, deductibles, and applicable coinsurance factors  
9 ~~applicable--therete~~ need not be the same as those applicable  
10 to physical illness generally.

11 ~~(b)~~(ii) for outpatient benefits, the coinsurance factor  
12 may not exceed 50% or the coinsurance factor applicable for  
13 physical illness generally, whichever is greater, and the  
14 maximum benefit for mental illness, alcoholism, and drug  
15 addiction in the aggregate during any applicable benefit  
16 period may not be limited to ~~not~~ less than ~~\$17,000~~ \$2,000 for  
17 an adult and \$4,000 for a minor:

18 ~~(c)~~(iii) maximum lifetime benefits shall, for mental  
19 illness in the aggregate, may not be no less than those  
20 applicable to physical illness generally;

21 ~~(d)~~(iv) the aggregate maximum benefit for alcoholism and  
22 drug addiction of inpatient expenses under basic inpatient  
23 policies and contracts plus inpatient expenses under major  
24 medical policies and contracts may not be limited to no less  
25 than:

1 ~~(i)~~(A) ~~\$47,000~~ \$8,000 for an adult and \$10,000 for a  
2 minor in any 24-month period; and

3 ~~(ii)~~(B) ~~\$87,000~~ \$16,000 for an adult and \$20,000 for a  
4 minor in lifetime benefits.

5 (2) The commissioner shall, by administrative rule  
6 effective April 1, 1994, and by a rule effective on April 1  
7 of each succeeding 3-year period, adjust each minimum  
8 coverage dollar amount required by this section. Each  
9 adjusted amount must be equal to the amount required by this  
10 section multiplied by the medical services component of the  
11 consumer price index of the bureau of labor statistics of  
12 the United States department of labor for each year  
13 beginning with 1991 and ending with the year prior to the  
14 year in which the adjusted amount takes effect.

15 (3) An insurance provider regulated under this section  
16 may not limit the type of treatment or other benefit that  
17 the insurance provider will pay for if the treatment or  
18 other benefit is provided or prescribed by a health care  
19 professional licensed under Title 37."

20 NEW SECTION. Section 2. Effective date. [This act] is  
21 effective July 1, 1991.

-End-

## STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0355 , as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

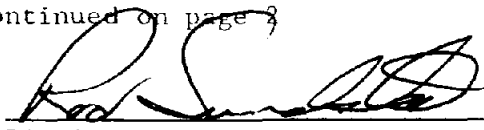
An act increasing the minimum mandatory insurance coverage provided under group health plans with regard to mental illness, alcoholism, and drug addiction; providing separate minimum amounts for adults and minors; providing for adjustment of minimum amounts every three years based on the consumer price index; and requiring an insurer to pay for all types of treatment and other benefits provided or prescribed by a health care professional.

ASSUMPTIONS:

1. 33-1-102 (6), (7), and (8), MCA, which exempt insurance plans of state and political subdivisions, will remain in effect.
2. This proposed legislation does not require the Insurance Commissioner to regulate insurance plans now exempted under Section 33-1-102, MCA.
3. The state group insurance plan will not be required to comply with the provisions of this bill.
4. The state group insurance plan will not increase benefits.
5. The Montana University System (MUS) group insurance plan is not required by law to comply with the provisions of this bill; however, it will comply and increase benefits accordingly.
6. The Montana University System Health Insurance Plan statistics for FY90 show benefits and claims directly related to Mental Illness, Alcoholism and Drug Addiction as follows:

	<u>#Visits</u>	<u>Total Cost</u>
Outpatient Hospital Charges:		
Mental Disorders	145	\$19,609
Mental and Behavioral Problems	4	1,445
Alcoholism and Drug Abuse	<u>10</u>	<u>4,470</u>
TOTAL OUTPATIENT	159	\$25,524
Inpatient Hospital Charges:		
Mental Disorders	89	\$692,937
Mental and Behavioral Problems	0	0
Alcoholism and Drug Abuse	<u>2</u>	<u>6,892</u>
TOTAL INPATIENT	91	\$699,829
TOTAL HOSPITAL (INPATIENT + OUTPATIENT)		\$725,353

continued on page 2

  
 ROD SUNDSTED, BUDGET DIRECTOR  
 Office of Budget and Program Planning

DATE

  
 MARK O'KEEFE, PRIMARY SPONSOR

DATE

Fiscal Note for HB0355, as introduced**HB 355**

Physician Charges-Mental, Alcohol and Drug Services:		
Inpatient	171	\$ 28,654
Outpatient	61	1,353
Office	<u>6,894</u>	<u>169,409</u>
TOTAL PHYSICIAN CHARGES	7,126	\$199,416

7. The amount paid for hospital charges by the MUS will increase by 40% over FY90 in FY92 and FY93.  
 (\$725,353 X 1.40 = \$1,015,494)
8. The amount paid for physician charges by the MUS will double over FY90 in FY92 and FY93.  
 (\$199,416 X 2 = \$398,832)
9. The total increase in payments by the MUS will be \$1,414,326 (\$1,105,494 + \$398,832) in FY92 and FY93. FISCAL IMPACT:
10. The executive recommended budget for FY92 and FY93 represents the current law budget.
11. The increase would be funded through an equivalent increase in premiums charged to group members.

FISCAL IMPACT:

Montana Univ. System (Commissioner of Higher Ed.)	<u>FY 92</u>			<u>FY 93</u>		
	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
<u>Expenditures:</u>						
MUS Group Insurance	13,547,012	14,961,338	1,414,326	13,547,012	14,961,338	1,414,326
<u>Funding:</u>						
Proprietary	13,547,012	14,961,338	1,414,326	13,547,012	14,961,338	1,414,326

TECHNICAL NOTES:

33-1-102, MCA, exempts state insurance plans from compliance with the Montana Insurance Code. The Insurance Commissioner's office is not, therefore, required to regulate those plans. It is unclear whether or not the MUS group insurance plan is exempt from compliance.

APPROVED BY COMM. ON HUMAN SERVICES AND AGING

HOUSE BILL NO. 355

INTRODUCED BY O'KEEFE, B. BROWN, ELLIOTT, S. RICE, STICKNEY, JERGESON, KEATING

A BILL FOR AN ACT ENTITLED: "AN ACT INCREASING THE MINIMUM MANDATORY INSURANCE COVERAGE PROVIDED UNDER GROUP HEALTH PLANS WITH REGARD TO MENTAL ILLNESS, ALCOHOLISM, AND DRUG ADDICTION; PROVIDING SEPARATE MINIMUM AMOUNTS FOR ADULTS AND MINORS; PROVIDING FOR ADJUSTMENT OF MINIMUM AMOUNTS EVERY 3 YEARS BASED ON THE CONSUMER PRICE INDEX; REQUIRING AN INSURER TO PAY FOR ALL TYPES OF TREATMENT AND OTHER BENEFITS PROVIDED OR PRESCRIBED BY A HEALTH CARE PROFESSIONAL PROHIBITING AN INSURER FROM REFUSING TO PAY FOR BENEFITS MANDATED BY LAW; AMENDING SECTION 33-22-703, MCA; AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 33-22-703, MCA, is amended to read:

"33-22-703. Coverage for mental illness, alcoholism, and drug addiction. (1) Insurers, health service corporations, or any employees' health and welfare fund that provides accident and health insurance benefits to residents of this state under group health insurance or group health plans shall provide, for Montana residents covered under hospital and medical expenses incurred insurance group

policies and under hospital and medical service plan group contracts, the level of benefits specified in this section for the necessary care and treatment of mental illness, alcoholism, and drug addiction, subject to the right of the applicant to select any alternative level of benefits above the minimum level of benefits described in subsections (1)(a)(ii), (1)(b)(i), (1)(b)(ii), and (1)(b)(iv) as may be offered by the insurer or health service corporation:

(a) under basic inpatient expense policies or contracts, inpatient hospital benefits consisting of durational limits, dollar limits, deductibles, and coinsurance factors that are not less favorable than for physical illness generally, except that:

(i) benefits may not be limited to not less than 30 calendar days per year as defined in the policy or contract;

(ii) the aggregate maximum benefit for alcoholism and drug addiction of inpatient expenses under basic inpatient policies and contracts plus inpatient expenses under major medical policies and contracts may not be limited to no less than:

(A) \$4,000 \$8,000 for an adult and \$10,000 for a minor \$7,000 in any 24-month period; and

(B) \$8,000 \$16,000 for an adult and \$20,000 for a minor \$14,000 in lifetime benefits;



1        ~~(2)~~(b) under major medical policies or contracts,  
2 inpatient benefits and outpatient benefits consisting of  
3 durational limits, dollar limits, deductibles, and  
4 coinsurance factors that are not less favorable than for  
5 physical illness generally, except that:

6        ~~(a)~~(i) inpatient benefits may not be limited to no less  
7 than 30 calendar days per year as defined in the policy or  
8 contract. If inpatient benefits are provided beyond 30  
9 calendar days per year, the durational limits, dollar  
10 limits, deductibles, and applicable coinsurance factors  
11 ~~applicable thereto~~ need not be the same as those applicable  
12 to physical illness generally.

13        ~~(b)~~(ii) for outpatient benefits, the coinsurance factor  
14 may not exceed 50% or the coinsurance factor applicable for  
15 physical illness generally, whichever is greater, and the  
16 maximum benefit for mental illness, alcoholism, and drug  
17 addiction in the aggregate during any applicable benefit  
18 period may not be limited to ~~not~~ less than ~~91,000~~ \$2,000 for  
19 an adult and \$4,000 for a minor;

20        ~~(c)~~(iii) maximum lifetime benefits ~~shall~~; for mental  
21 illness in the aggregate, may not be no less than those  
22 applicable to physical illness generally;

23        ~~(d)~~(iv) the aggregate maximum benefit for alcoholism and  
24 drug addiction of inpatient expenses under basic inpatient  
25 policies and contracts plus inpatient expenses under major

1 medical policies and contracts may not be limited to no less  
2 than:

3        ~~(i)~~(A) ~~\$47,000 \$8,000 for an adult and \$10,000 for a~~  
4 minor \$7,000 in any 24-month period; and

5        ~~(i)~~(B) ~~\$8,000 \$16,000 for an adult and \$20,000 for a~~  
6 minor \$14,000 in lifetime benefits.

7        ~~(2)~~~~The commissioner shall, by administrative rule~~  
8 ~~effective April 17, 1994, and by a rule effective on April 17~~  
9 ~~of each succeeding 3-year period, adjust each minimum~~  
10 ~~coverage dollar amount required by this section. Each~~  
11 ~~adjusted amount must be equal to the amount required by this~~  
12 ~~section multiplied by the medical services component of the~~  
13 ~~consumer price index of the bureau of labor statistics of~~  
14 ~~the United States department of labor for each year~~  
15 ~~beginning with 1991 and ending with the year prior to the~~  
16 ~~year in which the adjusted amount takes effect.~~

17        ~~(3)~~(2) ~~An insurance provider regulated under this~~  
18 ~~section may not limit the type of treatment or other benefit~~  
19 ~~that the insurance provider will pay for if the treatment or~~  
20 ~~other benefit is provided or prescribed by a health care~~  
21 ~~professional licensed under Title 37. AN INSURER, HEALTH~~  
22 ~~SERVICE CORPORATION, OR AN EMPLOYEES' HEALTH AND WELFARE~~  
23 ~~FUND THAT PROVIDES ACCIDENT AND HEALTH INSURANCE BENEFITS TO~~  
24 ~~RESIDENTS OF THE STATE UNDER GROUP HEALTH INSURANCE OR GROUP~~  
25 ~~HEALTH PLANS MAY NOT REFUSE TO PAY FOR, AND THUS EFFECTIVELY~~

HB 0355/02

1 LIMIT, A TYPE OF CARE OR TREATMENT WHEN BENEFITS ARE  
2 MANDATED UNDER THIS PART."

3 NEW SECTION. Section 2. Effective date. [This act] is  
4 effective July 1, 1991.

-End-