

SENATE BILL NO. 352

INTRODUCED BY BLAYLOCK, HIMSL, TOWE, TURNAGE, ECK, McCALLUM  
BY REQUEST OF THE INSURANCE DEPARTMENT

IN THE SENATE

February 2, 1981	Introduced and referred to Committee on Business and Industry.
February 5, 1981	Fiscal note requested.
February 9, 1981	Fiscal note returned.
February 13, 1981	Committee recommend bill do pass as amended. Report adopted.
February 14, 1981	Bill printed and placed on members' desks.
February 16, 1981	Second reading, do pass.
February 17, 1981	Correctly engrossed.
February 18, 1981	Third reading, passed. Ayes, 49; Noes, 0. Transmitted to House.

IN THE HOUSE

February 19, 1981	Introduced and referred to Committee on Business and Industry.
March 13, 1981	Committee recommend bill be concurred in as amended. Report adopted.
March 20, 1981	Motion pass consideration until the 65th legislative day.

March 27, 1981 Second reading, concurred in.  
March 30, 1981 On motion rules suspended and bill allowed to be transmitted on the 71st legislative day. Motion adopted.  
March 31, 1981 Third reading, concurred in as amended. Ayes, 55; Noes, 42.

#### IN THE SENATE

April 1, 1981 Returned from House with amendments.  
April 10, 1981 Second reading, amendments not concurred in.  
April 11, 1981 On motion Conference Committee requested and appointed.  
April 15, 1981 Conference Committee reported.  
April 17, 1981 Second reading, Conference Committee report adopted.  
Third reading, Conference Committee report adopted. Ayes, 47; Noes, 0. Transmitted to House.

#### IN THE HOUSE

April 21, 1981 Conference Committee report adopted.

#### IN THE SENATE

April 22, 1981 Returned from House. Sent to enrolling.  
Reported correctly enrolled.

1 *Senate* BILL NO. *352*  
 2 INTRODUCED BY *Staylock, Hamel, Turvey,*  
 3 *Eck* BY REQUEST OF THE INSURANCE DEPARTMENT  
 4 *M. Sullivan* —

5 A BILL FOR AN ACT ENTITLED: "AN ACT TO INSURE THE  
 6 AVAILABILITY OF BASIC LEVELS OF BENEFITS UNDER DISABILITY  
 7 INSURANCE POLICIES AND CONTRACTS FOR THE CARE AND TREATMENT  
 8 OF MENTAL ILLNESS; AMENDING SECTIONS 33-22-701 THROUGH  
 9 33-22-704, MCA."

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

11 Section 1. Section 33-22-701, MCA, is amended to read:  
 12 "33-22-701. Purpose. The purpose of this part is to  
 13 encourage consumers to avail themselves of basic levels of  
 14 benefits under health insurance policies and contracts for  
 15 the care and treatment of mental illness, alcoholism, and  
 16 drug addiction and to preserve the rights of the consumer to  
 17 select such coverage according to his medical and economic  
 18 needs."

19 Section 2. Section 33-22-702, MCA, is amended to read:  
 20 "33-22-702. Definitions. For purposes of this part,  
 21 the following definitions apply:

22 (1) "Inpatient hospital benefits" means benefits  
 23 payable for charges made by a hospital, as defined in the  
 24 policy or contract, for the necessary care and treatment of

1 mental illness, alcoholism, or drug addiction furnished to a  
 2 covered person while confined as a hospital inpatient and,  
 3 with respect to major medical policies or contracts, also  
 4 includes those benefits payable for charges made by a  
 5 physician, as defined in the policy or contract, for the  
 6 necessary care and treatment of mental illness, alcoholism,  
 7 or drug addiction furnished to a covered person while  
 8 confined as a hospital inpatient.

9 (2) "Outpatient benefits" means benefits payable for,  
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 11 necessary care and treatment of mental illness, alcoholism,  
 12 or drug addiction furnished to a covered person while not  
 13 confined as a hospital inpatient;

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 15 prescribed by a physician for the necessary care and  
 16 treatment for mental illness, alcoholism, or drug addiction  
 17 furnished to a covered person while not confined as a  
 18 hospital inpatient; and

19 (c) reasonable charges made by ~~an~~ a mental illness,  
 20 alcoholism, or drug addiction treatment center for the  
 21 necessary care and treatment of a covered person provided in  
 22 the treatment center.

23 (3) "Alcoholism treatment center" and "drug addiction  
 24 treatment center" mean a treatment facility which provides a  
 25 program for the treatment of alcoholism or drug addiction

1 pursuant to a written treatment plan approved and monitored  
2 by a physician, and which facility is also:

3 (a) affiliated with a hospital under a contractual  
4 agreement with an established system for patient referral;  
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6 (b) licensed, certified, or approved as an alcoholism  
7 or drug addiction treatment center by the state.

8 (4) "Mental health treatment center" means a treatment  
9 facility organized to provide care and treatment for mental  
10 illness through multiple modalities or techniques pursuant  
11 to a written treatment plan approved and monitored by an  
12 interdisciplinary team, including a licensed physician,  
13 psychiatric social worker, and psychologist, and which  
14 facility is also:

15 (a) licensed as a mental health treatment center by  
16 the state;

17 (b) funded or eligible for funding under federal or  
18 state law; or

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20 agreement with an established system for patient referral.

21 (5) "Mental illness" means neurosis, psychoneurosis,  
22 psychopathy, psychosis, or personality disorder."

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2 state must make available under hospital and medical  
3 expenses incurred insurance policies and under hospital and  
4 medical service plan contracts the level of benefit:  
5 specified in this section for the necessary care and  
6 treatment of mental illness, alcoholism, and drug addiction  
7 subject to the right of the applicant for a group or  
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 6 may not exceed 50% or the coinsurance factor applicable for  
 7 physical illness generally, whichever is greater, and the  
 8 maximum benefit for mental illness, alcoholism, and drug  
 9 addiction in the aggregate during any applicable benefit  
 10 period may be limited to not less than \$1,000.

11 (c) Maximum lifetime benefits may, for mental illness,  
 12 alcoholism, and drug addiction in the aggregate, be no less  
 13 than an amount equal to the lesser of \$10,000 or 25% of the  
 14 lifetime policy limit."

15 Section 4. Section 33-22-704, MCA, is amended to read:

16 "33-22-704. Applicability. (1) Except as provided in  
 17 subsection (2) this ~~this~~ part applies to policies or  
 18 contracts delivered or issued for delivery in this state  
 19 more than 120 days after July 1, 1979, but does not apply to  
 20 blanket, short term travel, accident only, limited or  
 21 specified disease, individual conversion policies or  
 22 contracts, or to policies or contracts designed for issuance  
 23 to persons eligible for coverage under Title XVIII of the  
 24 Social Security Act, known as medicare, or any other similar  
 25 coverage under state or federal governmental plans.

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2 (2) With respect to mental illness, this part applies  
 3 to policies or contracts delivered or issued for delivery in  
 4 this state after 120 days after the effective date of this  
 5 act]."

-End-

STATE OF MONTANA

REQUEST NO. 305-81

FISCAL NOTE

Form BD 15

In compliance with a written request received February 5, 1981, there is hereby submitted a Fiscal Note for SB 352 pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA).

Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

Description of Proposed Legislation: "An act to insure the availability of basic levels of benefits under disability insurance policies and contracts for the care and treatment of mental illness; amending sections 33-22-701 through 33-22-704, MCA."

Assumptions:

- 1) This legislation is essentially identical to SB 61 (1979), except that it requires insurance carriers to offer optional mental illness coverages, instead of alcoholism coverages, as enacted in 1979.
2) This legislation will affect the private insurance reimbursement revenues of Warm Springs State Hospital and of the Community Mental Health Centers in the same proportion as the passage of SB 61 (1979) affected those revenues of alcoholism treatment programs.
3) All of the increases in insurance revenues received by alcoholism treatment programs since 1979 are attributable to the passage of SB 61 (1979).

Fiscal Impact:

The increase in reimbursements to the General Fund for Warm Springs State Hospital would be as follows:

Table with 3 columns: Category, 1982, 1983. Row: Increased Revenue, \$ 18,577, \$ 56,791

Local Impact:

The passage of this legislation will also increase the private insurance revenues of the Community Mental Health Centers, as follows:

Table with 3 columns: Category, 1982, 1983. Row: Increased Revenue, \$ 66,044, \$201,549

Long-Range Effects:

The increased revenue to the Community Mental Health Centers, as discussed above, is expected to reduce their dependence on State General Fund in the long run.

There is currently no data to predict whether the revenues from this coverage will continue to increase beyond FY 1983.

Handwritten signature of David M. Leeuw

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2-9-81

Approved by Committee  
on Business and Industry

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11 THE FOLLOWING:

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13 (II) ALCOHOLISM AND DRUG ADDICTION.

14 (c) Maximum lifetime benefits may ~~for mental-illness,~~  
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22 subsection (2) this This part applies to policies or  
23 contracts delivered or issued for delivery in this state  
24 more than 120 days after July 1, 1979, but does not apply to  
25 blanket, short term travel, accident only, limited or

1 specified disease, individual conversion policies or  
2 contracts, or to policies or contracts designed for issuance  
3 to persons eligible for coverage under Title XVIII of the  
4 Social Security Act, known as medicare, or any other similar  
5 coverage under state or federal governmental plans.

6 (2) With respect to mental illness, this part applies  
7 to policies or contracts delivered or issued for delivery in  
8 this state after [120 days after the effective date of this  
9 act]."

-End-

## SENATE BILL NO. 352

INTRODUCED BY BLAYLOCK, HIMSL, TOWE, TURNAGE, ECK, McCALLUM  
BY REQUEST OF THE INSURANCE DEPARTMENT

A BILL FOR AN ACT ENTITLED: "AN ACT TO INSURE THE  
AVAILABILITY OF BASIC LEVELS OF BENEFITS UNDER DISABILITY  
INSURANCE POLICIES AND CONTRACTS FOR THE CARE AND TREATMENT  
OF MENTAL ILLNESS; AMENDING SECTIONS 33-22-701 THROUGH  
33-22-704, MCA."

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

Section 1. Section 33-22-701, MCA, is amended to read:

"33-22-701. Purpose. The purpose of this part is to  
encourage consumers to avail themselves of basic levels of  
benefits under health insurance policies and contracts for  
the care and treatment of mental illness, alcoholism, and  
drug addiction and to preserve the rights of the consumer to  
select such coverage according to his medical and economic  
needs."

Section 2. Section 33-22-702, MCA, is amended to read:

"33-22-702. Definitions. For purposes of this part,  
the following definitions apply:

(1) "Inpatient hospital benefits" means benefits  
payable for charges made by a hospital, as defined in the  
policy or contract, for the necessary care and treatment of

mental illness, alcoholism, or drug addiction furnished to a  
covered person while confined as a hospital inpatient and,  
with respect to major medical policies or contracts, also  
includes those benefits payable for charges made by a  
physician, as defined in the policy or contract, for the  
necessary care and treatment of mental illness, alcoholism,  
or drug addiction furnished to a covered person while  
confined as a hospital inpatient.

(2) "Outpatient benefits" means benefits payable for:

(a) reasonable charges made by a hospital for the  
necessary care and treatment of mental illness, alcoholism,  
or drug addiction furnished to a covered person while not  
confined as a hospital inpatient;

(b) reasonable charges for services rendered or  
prescribed by a physician for the necessary care and  
treatment for mental illness, alcoholism, or drug addiction  
furnished to a covered person while not confined as a  
hospital inpatient; and

(c) reasonable charges made by ~~on a~~ mental illness  
HEALTH, alcoholism, or drug addiction treatment center for  
the necessary care and treatment of a covered person  
provided in the treatment center.

(3) "Alcoholism treatment center" and "drug addiction  
treatment center" mean a treatment facility which provides a  
program for the treatment of alcoholism or drug addiction



1 pursuant to a written treatment plan approved and monitored  
2 by a physician, and which facility is also:

3 (a) affiliated with a hospital under a contractual  
4 agreement with an established system for patient referral;  
5 or

6 (b) licensed, certified, or approved as an alcoholism  
7 or drug addiction treatment center by the state.

8 (4) "Mental health treatment center" means a treatment  
9 facility organized to provide care and treatment for mental  
10 illness through multiple modalities or techniques pursuant  
11 to a written treatment plan approved and monitored by an  
12 interdisciplinary team, including a licensed physician,  
13 psychiatric social worker, and psychologist, and which  
14 facility is also:

15 (a) licensed as a mental health treatment center by  
16 the state;

17 (b) funded or eligible for funding under federal or  
18 state law; or

19 (c) affiliated with a hospital under a contractual  
20 agreement with an established system for patient referral.

21 (5) "Mental illness" means neurosis, psychoneurosis,  
22 psychopathy, psychosis, or personality disorder."

23 Section 3. Section 33-22-703, MCA, is amended to read:

24 "33-22-703. Availability of coverage for mental  
25 illness, alcoholism, and drug addiction. Insurers and health

1 service corporations transacting health insurance in this  
2 state must make available under hospital and medical  
3 expenses incurred insurance policies and under hospital and  
4 medical service plan contracts the level of benefits  
5 specified in this section for the necessary care and  
6 treatment of mental illness, alcoholism, and drug addiction  
7 subject to the right of the applicant for a group or  
8 individual policy or contract to reject the coverage or to  
9 select any alternative level of benefits as may be offered  
10 by the insurer or service plan corporation.

11 (1) Under basic hospital expense policies or  
12 contracts, inpatient hospital benefits consisting of  
13 durational limits, dollar limits, deductibles, and  
14 coinsurance factors that are not less favorable than for  
15 physical illness generally, except that benefits may be  
16 limited to not less than 30 calendar days per year as  
17 defined in the policy or contract.

18 (2) Under major medical policies or contracts,  
19 inpatient hospital benefits and outpatient benefits  
20 consisting of durational limits, dollar limits, deductibles,  
21 and coinsurance factors that are not less favorable than for  
22 physical illness generally, except that:

23 (a) inpatient hospital benefits may be limited to 30  
24 calendar days per year as defined in the policy or contract.  
25 If inpatient hospital benefits are provided beyond 30

1 calendar days per year, the durational limits, dollar  
2 limits, deductibles, and coinsurance factors applicable  
3 thereto need not be the same as applicable to physical  
4 illness generally.

5 (b) for outpatient benefits, the coinsurance factor  
6 may not exceed 50% or the coinsurance factor applicable for  
7 physical illness generally, whichever is greater, and the  
8 maximum benefit for ~~mental illness, alcoholism, and drug~~  
9 ~~addiction in the aggregate~~ FOR MENTAL ILLNESS, ALCOHOLISM,  
10 AND DRUG ADDICTION IN THE AGGREGATE during any applicable  
11 benefit period may be limited to not less than \$1,000 FOR  
12 EACH OF THE FOLLOWING:

13 ~~(i) MENTAL ILLNESS;~~

14 ~~(ii) ALCOHOLISM AND DRUG ADDICTION.~~

15 (c) Maximum lifetime benefits may, for ~~mental illness,~~  
16 ~~alcoholism, and drug addiction in the aggregate,~~ FOR MENTAL  
17 ILLNESS, ALCOHOLISM, AND DRUG ADDICTION IN THE AGGREGATE, be  
18 no less than an amount equal to the lesser of \$10,000 or 25%  
19 of the lifetime policy limit FOR EACH OF THE FOLLOWING:

20 ~~(i) MENTAL ILLNESS;~~

21 ~~(ii) ALCOHOLISM AND DRUG ADDICTION."~~

22 Section 4. Section 33-22-704, MCA, is amended to read:

23 "33-22-704. Applicability. (1) Except as provided in  
24 subsection (2) this ~~this~~ part applies to policies or  
25 contracts delivered or issued for delivery in this state

1 more than 120 days after July 1, 1979, but does not apply to  
2 blanket, short term travel, accident only, limited or  
3 specified disease, individual conversion policies or  
4 contracts, or to policies or contracts designed for issuance  
5 to persons eligible for coverage under Title XVIII of the  
6 Social Security Act, known as medicare, or any other similar  
7 coverage under state or federal governmental plans.

8 (2) With respect to mental illness, this part applies  
9 to policies or contracts delivered or issued for delivery in  
10 this state after [120 days after the effective date of this  
11 act]."

-End-

..... April 15 ..... 1981 .....

JOINT CONFERENCE COMMITTEE  
ON HOUSE AMENDMENTS TO SENATE BILL NO. 352

(Report No. 1, April 14, 1981)

MR. PRESIDENT AND SPEAKER OF THE HOUSE:

We, your Joint Conference Committee on Senate Bill No. 352,  
met April 14, 1981, and considered:

House Business and Industry Committee Amendments to the third  
reading copy, dated March 12, 1981, and recommend as follows:

That the House recede from Committee amendment nos. 1 through 4;

That the reference copy of Senate Bill No. 352 read as specified  
in the CLERICAL INSTRUCTIONS;

And, that the Conference Committee Report to Senate Bill No. 352  
be adopted.

CLERICAL INSTRUCTIONS:

- 1. Page 5, line 9.  
Following: "aggregate"  
Insert: "for mental illness, alcoholism, and drug addiction  
in the aggregate"
- 2. Page 5, lines 10 through 13.  
Following: "\$1,000"  
Strike: all underlined language.
- 3. Page 5, line 15.  
Following: "aggregate,"  
Insert: ", for mental illness, alcoholism, and drug addiction  
in the aggregate,"
- 4. Page 5, lines 17 through 19.  
Following: "limit"  
Strike: all underlined language.

FOR THE SENATE:

Patty Goodover  
Goodover, Chairman

Blaylock  
Blaylock

Olson  
Olson

FOR THE HOUSE:

Aaron W. Andreason  
Andreason, Chairman

Toni Bergene  
Bergene

Oberg  
Oberg

THE HOUSE BUSINESS AND INDUSTRY COMMITTEE amends SB 352 in the third reading copy as follows:

1. Page 5, lines 8 and 9.

Following: "benefit" on line 8

Strike: remainder of line 8 through "aggregate" on line 9

2. Page 5, line 10.

Following: "\$1,000"

Insert: "for each of the following:

(i) mental illness;

(ii) alcoholism and drug addiction"

3. Page 5, lines 11 and 12.

Following: "may" on line 11

Strike: remainder of line 11 through "aggregate," on line 9

4. Page 5, line 14.

Following: "limit"

Insert: "for each of the following"

(i) mental illness;

(ii) alcoholism and drug addiction"

BE CONCURRED IN AS AMENDED