

HOUSE BILL 600

Introduced by Tuss, et al.

2/12	Introduced
2/12	Referred to Business & Economic Development
2/12	First Reading
2/12	Fiscal Note Requested
2/17	Hearing
2/17	Tabled in Committee
2/19	Fiscal Note Received
2/20	Fiscal Note Printed

1 House BILL NO. 600
2 INTRODUCED BY Sen. Franklin
3 David Blaylock
4 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR PARTIAL
5 HOSPITALIZATION BENEFITS UNDER EXTENDED HEALTH CARE
6 INSURANCE PROGRAMS; AMENDING COVERAGE FOR MENTAL ILLNESS,
7 ALCOHOLISM, AND DRUG ADDICTION; PROVIDING COVERAGE FOR
8 MENTAL ILLNESS, ALCOHOLISM, AND DRUG ADDICTION UNDER PARTIAL
9 HOSPITALIZATION BENEFITS; AND AMENDING SECTIONS 33-22-702,
10 33-22-703, AND 33-22-705, MCA."

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

13 **Section 1.** Section 33-22-702, MCA, is amended to read:

14 *33-22-702. Definitions. For purposes of this part, the
15 following definitions apply:

16 (1) "Chemical dependency treatment center" means a
17 treatment facility which:

18 (a) provides a program for the treatment of alcoholism
19 or drug addiction pursuant to a written treatment plan
20 approved and monitored by a physician or chemical dependency
21 counselor certified by the state; and

22 (b) is licensed or approved as a treatment center by
23 the department of corrections and human services under
24 53-24-208.

25 (2) "Inpatient benefits" are as set forth in 33-22-705.

1 (3) "Mental health treatment center" means a treatment
2 facility organized to provide care and treatment for mental
3 illness through multiple modalities or techniques pursuant
4 to a written treatment plan approved and monitored by an
5 interdisciplinary team, including a licensed physician,
6 psychiatric social worker, and psychologist, and which
7 facility is also:

8 (a) licensed as a mental health treatment center by the
9 state;

10 (b) funded or eligible for funding under federal or
11 state law; or

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

14 (4) "Mental illness" means neurosis, psychoneurosis,
15 psychopathy, psychosis, or personality disorder.

16 (5) "Outpatient benefits" are as set forth in
17 33-22-705.

18 (6) "Partial hospitalization benefits" are as set forth
19 in 33-22-705."

20 **Section 2.** Section 33-22-703, MCA, is amended to read:

21 "33-22-703. Coverage for mental illness, alcoholism,
22 and drug addiction. (1) Insurers, health service
23 corporations, or any employees' health and welfare fund that
24 provides accident and health insurance benefits to residents
25 of this state under group health insurance or group health

1 plans shall provide, for Montana residents covered under
 2 hospital and medical expenses incurred insurance group
 3 policies and under hospital and medical service plan group
 4 contracts, the level of benefits specified in this section
 5 for the necessary care and treatment of mental illness,
 6 alcoholism, and drug addiction, subject to the right of the
 7 applicant to select any alternative level of benefits above
 8 the minimum level of benefits described in subsections
 9 ~~(1)(a)(ii)~~, ~~(1)(b)(i)~~, ~~(1)(b)(ii)~~, and
 10 ~~(1)(b)(iv)~~ as may be offered by the insurer or health
 11 service corporation:

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

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

19 ~~(ii)~~ the aggregate maximum benefit for alcoholism and
 20 drug addiction of inpatient expenses under basic inpatient
 21 policies and contracts plus inpatient expenses under major
 22 medical policies and contracts may be limited to no less
 23 than:

24 ~~(A)~~ \$4,000 in any 24-month period; and

25 ~~(B)~~ \$8,000 in lifetime benefits;

1 ~~(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 ~~(i)~~ inpatient benefits may 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 coinsurance factors applicable
 11 thereto to the benefits need not be the same as applicable
 12 to physical illness generally.

13 ~~(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 be limited to not less than ~~\$17,000~~ \$5,000;

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

22 ~~(iv)~~ the aggregate maximum benefit for alcoholism and
 23 drug addiction of inpatient expenses under basic inpatient
 24 policies and contracts plus inpatient expenses under major
 25 medical policies and contracts may be limited to no less

1 than:

2 ~~++~~(A) \$4,000 in any 24-month period; and

3 ~~++~~(B) \$8,000 in lifetime benefits.

4 (2) A partial hospitalization day is equivalent to
 5 one-half inpatient day for reimbursement purposes. A partial
 6 hospitalization day must be a minimum of 6 hours. A partial
 7 hospitalization half day must be a minimum of 3 hours.
 8 Partial hospitalization services must be received in a
 9 facility licensed to deliver day treatment under the
 10 supervision of a psychiatrist. If the day treatment facility
 11 exceeds the allowable inpatient days for a patient, it shall
 12 take responsibility for the costs associated with subsequent
 13 inpatient care."

14 **Section 3.** Section 33-22-705, MCA, is amended to read:

15 "33-22-705. Inpatient and, outpatient, and partial
 16 hospitalization benefits. (1) "Inpatient benefits" are
 17 benefits payable for charges made by a hospital or
 18 freestanding inpatient facility for the necessary care and
 19 treatment of mental illness, alcoholism, or drug addiction
 20 furnished to a covered person while confined as an inpatient
 21 and, with respect to major medical policies or contracts,
 22 also includes those benefits payable for charges made by a
 23 physician for the necessary care and treatment of mental
 24 illness, alcoholism, or drug addiction furnished to a
 25 covered person while confined as an inpatient. Care and

1 treatment of alcoholism or drug addiction in a freestanding
 2 inpatient facility must be in a chemical dependency
 3 treatment center that is approved by the department of
 4 corrections and human services under 53-24-208.

5 (2) "Outpatient benefits" are benefits payable for:

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

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

15 (c) reasonable charges made by a mental health or
 16 chemical dependency treatment center for the necessary care
 17 and treatment of a covered person provided in the treatment
 18 center. The chemical dependency treatment center must be
 19 approved by the department of corrections and human services
 20 under 53-24-208.

21 (d) reasonable charges for services rendered by a
 22 licensed psychiatrist, psychologist, licensed professional
 23 counselor, licensed social worker, or chemical dependency
 24 counselor certified by the department of corrections and
 25 human services under 53-24-204.

1 (3) "Partial hospitalization benefits" are related to
2 outpatient programs that include a variety of therapeutic
3 components designed to reduce the need for inpatient care.
4 The programs usually include case management, crisis
5 intervention, psychotherapy, and vocational and social
6 rehabilitation. Partial hospitalization benefits are payable
7 for:

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

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

17 (c) reasonable charges made by a mental health or
18 chemical dependency treatment center for the necessary care
19 and treatment of a covered person; or

20 (d) reasonable charges for services rendered by a
21 licensed psychiatrist, licensed psychologist, licensed
22 professional counselor, licensed social worker, licensed
23 occupational therapist, clinical nurse specialist, or
24 chemical dependency counselor certified by the department of
25 corrections and human services under 53-24-204."

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0600, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act providing for partial hospitalization; amending coverage for mental illness, alcoholism, and drug addiction; providing coverage for mental illness, alcoholism, and drug addiction under partial hospitalization benefits.

ASSUMPTIONS:

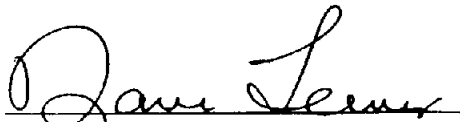
1. Partial hospitalization is defined as a new category for health care and health care reimbursement.
2. The State Employee Benefit Plan is self-insured and not covered by this act.
3. The Department of Corrections and Human Services (DCHS) does not provide outpatient services which would be included as partial hospitalization benefits. It is assumed that there is no identifiable fiscal impact to DCHS during the 1995 biennium.
4. The bill will have no impact on the operations of the State Auditor's Office. The State Auditor serves as the Commissioner of Insurance for the state.
5. If utilization review is applied to partial hospitalization, there will be no impact on the Medicaid program of the Department of Social and Rehabilitation Services.
6. Any remaining inpatient treatment that the Department of Family Services must supply for youth will require utilization review.

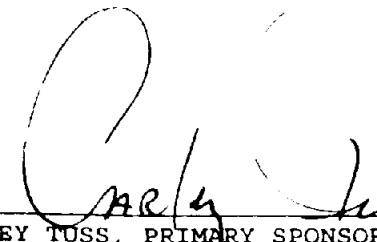
FISCAL IMPACT:

None to state agencies.

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

Private insurers will need to apply utilization review to partial hospitalization. This bill, by increasing the mandated benefit for outpatient mental illness, alcoholism and drug addiction benefits from \$1,000 to \$5,000 per year (p. 4, line 18), will have a significant fiscal impact on health insurance rates and employers costs.

 2-19-93
DAVID LEWIS, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

 2/20/93
CARLEY TUSS, PRIMARY SPONSOR DATE
Fiscal Note for HB0600, as introduced
HB600