

SECOND REGULAR SESSION  
[PERFECTED]  
HOUSE SUBSTITUTE FOR  
HOUSE COMMITTEE SUBSTITUTE FOR  
**HOUSE BILL NO. 1440**  
**91ST GENERAL ASSEMBLY**

Taken up for Perfection March 19, 2002.

House Substitute for House Committee Substitute for House Bill No. 1140 ordered Perfected and printed, as amended.

TED WEDEL, Chief Clerk

3113L.05P

**AN ACT**

To repeal sections 376.810, 376.811, 376.814, 376.825, 376.826, 376.827, 376.830, 376.833, 376.836, and 376.840, RSMo, and to enact in lieu thereof three new sections relating to insurance coverage for mental health.

*Be it enacted by the General Assembly of the state of Missouri, as follows:*

Section A. Sections 376.810, 376.811, 376.814, 376.825, 376.826, 376.827, 376.830, 376.833, 376.836, and 376.840, RSMo, are repealed and three new sections enacted in lieu thereof, to be known as sections 376.810, 376.811 and 376.1550, to read as follows:

376.810. As used in sections 376.810 [to 376.814] **and 376.811**, the following terms mean:

(1) "Chemical dependency", the psychological or physiological dependence upon and abuse of drugs, including alcohol, characterized by drug tolerance or withdrawal and impairment of social or occupational role functioning or both;

(2) ["Community mental health center", a legal entity certified by the department of mental health or accredited by a nationally recognized organization, through which a comprehensive array of mental health services are provided to individuals;

(3)] "Day program services", a structured, intensive day or evening treatment or partial hospitalization program, certified by the department of mental health or accredited by a nationally recognized organization;

**EXPLANATION — Matter enclosed in bold faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.**

12        [(4)] (3) "Episode", a distinct course of chemical dependency treatment separated by at  
13 least thirty days without treatment;

14        [(5)] (4) "Health insurance policy", all group health insurance policies providing  
15 coverage on an expense-incurred basis, all group service or indemnity contracts issued by a not  
16 for profit health services corporation, all self-insured group health benefit plans of any type or  
17 description to the extent that regulation of such plans is not preempted by federal law, and all  
18 such health insurance policies or contracts that are individually underwritten or provide such  
19 coverage for specific individuals and members of their families as nongroup policies, which  
20 provide for hospital treatment. For the purposes of subsection 2 of section 376.811, "health  
21 insurance policy" shall also include any group or individual contract issued by a health  
22 maintenance organization. The provisions of sections 376.810 [to 376.814] **and 376.811** shall  
23 not apply to policies which provide coverage for a specified disease only, other than for mental  
24 illness or chemical dependency;

25        [(6)] (5) "Licensed professional", a licensed physician specializing in the treatment of  
26 mental illness, a licensed psychologist, a licensed clinical social worker or a licensed  
27 professional counselor. Only prescription rights under this act shall apply to medical physician's  
28 and doctors of osteopathy;

29        [(7)] (6) "Managed care", the determination of availability of coverage under a health  
30 insurance policy through the use of clinical standards to determine the medical necessity of an  
31 admission or treatment, and the level and type of treatment, and appropriate setting for treatment,  
32 with required authorization on a prospective, concurrent or retrospective basis, sometimes  
33 involving case management;

34        [(8)] (7) "Medical detoxification", hospital inpatient or residential medical care to  
35 ameliorate acute medical conditions associated with chemical dependency;

36        [(9)] (8) "Nonresidential treatment program", program certified by the department of  
37 mental health involving structured, intensive treatment in a nonresidential setting;

38        [(10)] "Recognized mental illness", those conditions classified as "mental disorders" in  
39 the American Psychiatric Association Diagnostic and Statistical Manual of Mental Disorders,  
40 but shall not include mental retardation;

41        [(11)] (9) "Residential treatment program", program certified by the department of mental  
42 health involving residential care and structured, intensive treatment;

43        [(12)] (10) "Social setting detoxification", a program in a supportive nonhospital setting  
44 designed to achieve detoxification, without the use of drugs or other medical intervention, to  
45 establish a plan of treatment and provide for medical referral when necessary.

376.811. 1. Every insurance company and health services corporation doing business  
2 in this state shall offer **coverage** in all health insurance policies, benefits or coverage for

3 chemical dependency meeting the following minimum standards:

4 (1) Coverage for outpatient treatment through a nonresidential treatment program, or  
5 through partial- or full-day program services, [of not less] **not to exceed** than twenty-six days  
6 per policy benefit period;

7 (2) Coverage for residential treatment program of not less than twenty-one days per  
8 policy benefit period;

9 (3) Coverage for medical or social setting detoxification of not less than six days per  
10 policy benefit period;

11 (4) The coverages set forth in this subsection may be subject to a separate lifetime  
12 frequency cap [of not less than ten] **not to exceed five** episodes of treatment, except that such  
13 separate lifetime frequency cap shall not apply to medical detoxification in a life-threatening  
14 situation as determined by the treating physician and subsequently documented within forty-eight  
15 hours of treatment to the reasonable satisfaction of the insurance company or health services  
16 corporation; and

17 (5) The coverages set forth in this subsection shall be:

18 (a) Subject to the same coinsurance, co-payment and deductible factors as apply to  
19 physical illness;

20 (b) Administered pursuant to a managed care program established by the insurance  
21 company or health services corporation; [and] **or**

22 (c) Covered services may be delivered through a system of contractual arrangements  
23 with one or more providers, hospitals, nonresidential or residential treatment programs, or other  
24 mental health service delivery entities certified by the department of mental health, or accredited  
25 by a nationally recognized organization, or licensed by the state of Missouri.

26 2. [In addition to the coverages set forth in subsection 1 of this section, every insurance  
27 company, health services corporation and health maintenance organization doing business in this  
28 state shall offer in all health insurance policies, benefits or coverages for recognized mental  
29 illness, excluding chemical dependency, meeting the following minimum standards:

30 (1) Coverage for outpatient treatment, including treatment through partial- or full-day  
31 program services, for mental health services for a recognized mental illness rendered by a  
32 licensed professional to the same extent as any other illness;

33 (2) Coverage for residential treatment programs for the therapeutic care and treatment  
34 of a recognized mental illness when prescribed by a licensed professional and rendered in a  
35 psychiatric residential treatment center licensed by the department of mental health or accredited  
36 by the Joint Commission on Accreditation of Hospitals to the same extent as any other illness;

37 (3) Coverage for inpatient hospital treatment for a recognized mental illness to the same  
38 extent as for any other illness, not to exceed ninety days per year;

39 (4) The coverages set forth in this subsection shall be subject to the same coinsurance,  
40 co-payment, deductible, annual maximum and lifetime maximum factors as apply to physical  
41 illness; and

42 (5) The coverages set forth in this subsection may be administered pursuant to a  
43 managed care program established by the insurance company, health services corporation or  
44 health maintenance organization, and covered services may be delivered through a system of  
45 contractual arrangements with one or more providers, community mental health centers,  
46 hospitals, nonresidential or residential treatment programs, or other mental health service  
47 delivery entities certified by the department of mental health, or accredited by a nationally  
48 recognized organization, or licensed by the state of Missouri.

49 3. The offer required by sections 376.810 to 376.814 may be accepted or rejected by the  
50 group or individual policyholder or contract holder and, if accepted, shall fully and completely  
51 satisfy and substitute for the coverage under section 376.779. Nothing in sections 376.810 to  
52 376.814 shall prohibit an insurance company, health services corporation or health maintenance  
53 organization from including all or part of the coverages set forth in sections 376.810 to 376.814  
54 as standard coverage in their policies or contracts issued in this state.

55 4.] Every insurance company, health services corporation and health maintenance  
56 organization doing business in this state shall offer in all health insurance policies mental health  
57 benefits or coverage as part of the policy or as a supplement to the policy. Such mental health  
58 benefits or coverage shall include at least two sessions per year to a licensed psychiatrist,  
59 licensed psychologist, licensed professional counselor, or licensed clinical social worker acting  
60 within the scope of such license and under the following minimum standards:

61 (1) Coverage and benefits in this subsection shall be for the purpose of diagnosis or  
62 assessment, but not dependent upon findings; and

63 (2) Coverage and benefits in this subsection shall not be subject to any conditions of  
64 preapproval, and shall be deemed reimbursable as long as the provisions of this subsection are  
65 satisfied; and

66 (3) Coverage and benefits in this subsection shall be subject to the same coinsurance,  
67 co-payment and deductible factors as apply to regular office visits under coverages and benefits  
68 for physical illness.

69 [5. If the group or individual policyholder or contract holder rejects the offer required  
70 by this section, then the coverage shall be governed by the mental health and chemical  
71 dependency insurance act as provided in sections 376.825 to 376.835.]

**376.1550. 1. Notwithstanding any other provision of law to the contrary, each  
2 health carrier that offers or issues health benefit plans which are delivered, issued for  
3 delivery, continued, or renewed in this state on or after January 1, 2003, shall provide**

4 coverage for a mental health condition, as defined in this section, and shall comply with the  
5 following provisions:

6 (1) A health benefit plan shall provide coverage for treatment of a mental health  
7 condition and shall not establish any rate, term, or condition that places a greater financial  
8 burden on an insured for access to treatment for a mental health condition than for access  
9 to treatment for a physical health condition. Any deductible or out-of-pocket limits  
10 required by a health carrier or health benefit plan shall be comprehensive for coverage of  
11 all health conditions, whether mental or physical;

12 (2) A health benefit plan that does not otherwise provide for management of care  
13 under the plan or that does not provide for the same degree of management of care for all  
14 health conditions may provide coverage for treatment of mental health conditions through  
15 a managed care organization; provided that the managed care organization assures that  
16 the system for delivery of treatment for mental health conditions does not diminish or  
17 negate the purpose of this section; and

18 (3) A health benefit plan shall be construed to be in compliance with this section  
19 if at least one choice for treatment of mental health conditions provided to the insured  
20 within the plan has rates, terms, and conditions that place no greater financial burden on  
21 the insured than for access to treatment of physical conditions.

22 2. As used in this section, the following terms mean:

23 (1) "Health benefit plan", the same meaning as such term is defined in section  
24 376.1350;

25 (2) "Health carrier", the same meaning as such term is defined in section 376.1350;

26 (3) "Mental health condition", any condition or disorder, except chemical  
27 dependence, defined by categories listed in the most recent edition of the Diagnostic and  
28 Statistical Manual of Mental Disorders;

29 (4) "Managed care organization", any financing mechanism or system that  
30 manages care delivery for its members or subscribers, including health maintenance  
31 organizations and any other similar health care delivery system or organization;

32 (5) "Rate, term, or condition", any lifetime or annual payment limits, deductibles,  
33 copayments, coinsurance, and other cost-sharing requirements, out-of-pocket limits, visit  
34 limits, and any other financial component of a health benefit plan that affects the insured.

35 3. This section shall not apply to a supplemental insurance policy, including a life  
36 care contract, accident-only policy, specified disease policy, hospital policy providing a  
37 fixed daily benefit only, Medicare supplement policy, long-term care policy, short-term  
38 major medical policies of six months or less duration, or any other supplemental policy as  
39 determined by the director of the department of insurance.

[376.814. 1. The department of insurance shall promulgate rules and regulations, pursuant to section 376.982 and chapter 536, RSMo, and the department of mental health shall advise the department of insurance on the promulgation of said rules and regulations as they pertain to the development and implementation of all standards and guidelines for managed care as set out in sections 376.810 to 376.814, to ensure that all mental health services provided pursuant to sections 376.810 to 376.814 are provided in accordance with chapters 197, 334, 337, RSMo, and section 630.655, RSMo, provided however, that nothing in this act shall prohibit department of mental health licensed or certified facilities or programs from using qualified mental health professionals or other specialty staff persons.

2. Any person who serves or served on a quality assessment and assurance committee required under 42 U.S.C. Sec. 1396r(b)(1)(B) and 42 CFR Sec. 483.75(r), or as amended, shall be immune from civil liability only for acts done directly as a member of such committee so long as the acts are performed in good faith, without malice and are required by the activities of such committee as defined in 42 CFR Sec. 483.75(r).]

[376.825. Sections 376.825 to 376.840 shall be known and may be cited as the "Mental Health and Chemical Dependency Insurance Act".]

[376.826. For the purposes of sections 376.825 to 376.840 the following terms shall mean:

(1) "Director", the director of the department of insurance;

(2) "Health insurance policy" or "policy", all group health insurance policies providing coverage on an expense-incurred basis, all group service or indemnity contracts issued by a not for profit health services corporation, all self-insured group health benefit plans of any type or description to the extent that regulation of such plans is not preempted by federal law, and all such health insurance policies or contracts that are individually underwritten or provide such coverage for specific individuals and members of their families as nongroup policies, which provide for hospital treatments. The term shall also include any group or individual contract issued by a health maintenance organization. The provisions of sections 376.825 to 376.840 shall not apply to policies which provide coverage for a specified disease only, other than for mental illness or chemical dependency;

(3) "Insurer", an entity licensed by the department of insurance to offer a health insurance policy;

(4) "Mental illness", the following disorders contained in the International Classification of Diseases (ICD-9-CM):

(a) Schizophrenic disorders and paranoid states (295 and 297, except 297.3);

(b) Major depression, bipolar disorder, and other affective psychoses (296);

(c) Obsessive compulsive disorder, post-traumatic stress disorder and other major anxiety disorders (300.0, 300.21, 300.22, 300.23, 300.3 and 309.81);

(d) Early childhood psychoses, and other disorders first diagnosed in childhood or adolescence (299.8, 312.8, 313.81 and 314);

(e) Alcohol and drug abuse (291, 292, 303, 304, and 305, except 305.1); and

(f) Anorexia nervosa, bulimia and other severe eating disorders (307.1, 307.51, 307.52 and 307.53);

(g) Senile organic psychotic conditions (290);

(5) "Rate", "term", or "condition", any lifetime limits, annual payment limits, episodic limits, inpatient or outpatient service limits, and out-of-pocket limits. This definition does not include deductibles, co-payments, or coinsurance prior to reaching any maximum out-of-pocket limit. Any out-of-pocket limit under a policy shall be comprehensive for coverage of mental illness and physical conditions.]

[376.827. 1. Nothing in this bill shall be construed as requiring the coverage of mental illness.

2. Except for the coverage required pursuant to subsection 1 of section 376.779, and the offer of coverage required pursuant to sections 376.810 through 376.814, if any of the mental illness disorders enumerated in subdivision (4) of section 376.826 are provided by the health insurance policy, the coverage provided shall include all the disorders enumerated in subdivision (4) of section 376.826 and shall not establish any rate, term, or condition that places a greater financial burden on an insured for access to evaluation and treatment for mental illness than for access to evaluation and treatment for physical conditions, generally, except that alcohol and other drug abuse services shall have a minimum of thirty days total inpatient treatment and a minimum of twenty total visits for outpatient treatment for each year of coverage. A lifetime limit equal to four times such annual limits may be imposed. The days allowed for inpatient treatment can be converted for use for outpatient treatment on a two-for-one basis.

3. Deductibles, co-payment or coinsurance amounts for access to evaluation and treatment for mental illness shall not be unreasonable in relation to the cost of services provided.

4. A health insurance policy that is a federally qualified plan of benefits shall be construed to be in compliance with sections 376.825 to 376.836 if the policy is issued by a federally qualified health maintenance organization and the federally qualified health maintenance organization offered mental health coverage as required by sections 376.825 to 376.836. If such coverage is rejected, the federally qualified health maintenance organization shall, at a minimum, provide coverage for mental health services as a basic health service as required by the Federal Public Health Service Act, 42 U.S.C. Section 300e., et seq.

5. Health insurance policies that provide mental illness benefits pursuant to sections 376.825 to 376.840 shall be deemed to be in compliance with the requirements of subsection 1 of section 376.779.

6. The director may disapprove any policy that the director determines to be inconsistent with the purposes of this section.]

[376.830. 1. The coverages set forth in sections 376.825 to 376.840 may be administered pursuant to a managed care program established by the insurance company, health services corporation or health maintenance organization, and covered services may be delivered through a system of contractual arrangements with

one or more licensed providers, community mental health centers, hospitals, nonresidential or residential treatment programs, or other mental health service delivery entities certified by the department of mental health, or accredited by a nationally recognized organization, or licensed by the state of Missouri. Nothing in this section shall authorize any unlicensed provider to provide covered services.

2. An insurer may use a case management program for mental illness benefits to evaluate and determine medically necessary and clinically appropriate care and treatment for each patient.

3. Nothing in sections 376.825 to 376.840 shall be construed to require a managed care plan as defined by section 354.600, RSMo, when providing coverage for benefits governed by sections 376.825 to 376.840, to cover services rendered by a provider other than a participating provider, except for the coverage pursuant to subsection 4 of section 376.811. An insurer may contract for benefits provided in sections 376.825 to 376.840 with a managing entity or group of providers for the management and delivery of services for benefits governed by sections 376.825 to 376.840.]

[376.833. 1. The provisions of section 376.827 shall not be violated if the insurer decides to apply different limits or exclude entirely from coverage the following:

(1) Marital, family, educational, or training services unless medically necessary and clinically appropriate;

(2) Services rendered or billed by a school or halfway house;

(3) Care that is custodial in nature;

(4) Services and supplies that are not medically necessary nor clinically appropriate; or

(5) Treatments that are considered experimental.

2. The director shall grant a policyholder a waiver from the provisions of section 376.827 if the policyholder demonstrates to the director by actual experience over any consecutive twenty-four-month period that compliance with sections 376.825 to 376.840 has increased the cost of the health insurance policy by an amount that results in a two percent increase in premium costs to the policyholder.]

[376.836. 1. The provisions of sections 376.825 to 376.840 apply to applications for coverage made on or after January 1, 2000, and to health insurance policies issued or renewed on or after such date to residents of this state. Multiyear group policies need not comply until the expiration of their current multiyear term unless the policyholder elects to comply before that time.

2. The director shall perform a study to assess the impact of the mental health and substance abuse insurance act on insurers, business interests, providers, and consumers of mental health and substance abuse treatment services. The director shall report the findings of this study to the general assembly by January 1, 2004.]

[376.840. Notwithstanding the provision of subsection 1 of section 376.827, all health insurance policies which cover state employees including the Missouri consolidated health care plan shall include coverage for mental illness. Multiyear



4 group policies need not comply until the expiration of their current multiyear term  
5 unless the policyholder elects to comply before that time.]