

SECOND REGULAR SESSION  
[TRULY AGREED TO AND FINALLY PASSED]  
SENATE SUBSTITUTE FOR  
SENATE COMMITTEE SUBSTITUTE FOR  
HOUSE COMMITTEE SUBSTITUTE FOR  
**HOUSE BILL NO. 855**

**92ND GENERAL ASSEMBLY**

3284S.14T

2004

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**AN ACT**

To repeal sections 376.779, 376.810, 376.811, 376.826, 376.836, and 376.840, RSMo, and to enact in lieu thereof six new sections relating to insurance coverage for mental health.

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

Section A. Sections 376.779, 376.810, 376.811, 376.826, 376.836, and 376.840, RSMo,  
2 are repealed and six new sections enacted in lieu thereof, to be known as sections 376.779,  
3 376.810, 376.811, 376.826, 376.836, and 376.1550, to read as follows:

376.779. 1. All [group health insurance policies providing coverage on an  
2 expense-incurred basis, all group service or indemnity contracts issued by a not-for-profit health  
3 service corporation, all self-insured group health benefit plans, of any type or description, and  
4 all such] health plans or policies that are individually underwritten or provide for such coverage  
5 for specific individuals and the members of their families [as nongroup policies], which provide  
6 for hospital treatment, shall provide coverage, while confined in a hospital or in a residential or  
7 nonresidential facility certified by the department of mental health, for treatment of alcoholism  
8 on the same basis as coverage for any other illness, except that coverage may be limited to thirty  
9 days in any policy or contract benefit period. All [Missouri group contracts issued or renewed,  
10 and all] Missouri individual contracts issued on or after [December 31, 1980] **January 1, 2005**,  
11 shall be subject to this section. Coverage required by this section shall be included in the policy  
12 or contract and payment provided as for other coverage in the same policy or contract

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

13 notwithstanding any construction or relationship of interdependent contracts or plans affecting  
14 coverage and payment of reimbursement prerequisites under the policy or contract.

15       2. Insurers, corporations or groups providing coverage may approve for payment or  
16 reimbursement vendors and programs providing services or treatment required by this section.  
17 Any vendor or person offering services or treatment subject to the provisions of this section and  
18 seeking approval for payment or reimbursement shall submit to the department of mental health  
19 a detailed description of the services or treatment program to be offered. The department of  
20 mental health shall make copies of such descriptions available to insurers, corporations or groups  
21 providing coverage under the provisions of this section. Each insurer, corporation or group  
22 providing coverage shall notify the vendor or person offering service or treatment as to its  
23 acceptance or rejection for payment or reimbursement; provided, however, payment or  
24 reimbursement shall be made for any service or treatment program certified by the department  
25 of mental health. Any notice of rejection shall contain a detailed statement of the reasons for  
26 rejection and the steps and procedures necessary for acceptance. Amended descriptions of  
27 services or treatment programs to be offered may be filed with the department of mental health.  
28 Any vendor or person rejected for approval of payment or reimbursement may modify their  
29 description and treatment program and submit copies of the amended description to the  
30 department of mental health and to the insurer, corporation or group which rejected the original  
31 description.

32       3. The department of mental health may issue rules necessary to carry out the provisions  
33 of this section. No rule or portion of a rule promulgated under the authority of this section shall  
34 become effective unless it has been promulgated pursuant to the provisions of section 536.024,  
35 RSMo.

36       4. All substance abuse treatment programs in Missouri receiving funding from the  
37 Missouri department of mental health must be certified by the department.

38       **5. This section shall not apply to a supplemental insurance policy, including a life**  
39 **care contract, accident-only policy, specified disease policy, hospital policy providing a**  
40 **fixed daily benefit only, Medicare supplement policy, long-term care policy,**  
41 **hospitalization-surgical care policy, short-term major medical policy of six months or less**  
42 **duration, or any other supplemental policy as determined by the director of the**  
43 **department of insurance.**

376.810. As used in sections 376.810 to 376.814, the following terms mean:

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

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

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

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

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

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

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

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

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

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

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

42 (12) "Social setting detoxification", a program in a supportive nonhospital setting  
43 designed to achieve detoxification, without the use of drugs or other medical intervention, to  
44 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 in all health insurance policies, benefits or coverage for chemical  
3 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 than twenty-six days per policy benefit  
6 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 episodes of treatment, except that such separate lifetime  
13 frequency cap shall not apply to medical detoxification in a life-threatening situation as  
14 determined by the treating physician and subsequently documented within forty-eight hours of  
15 treatment to the reasonable satisfaction of the insurance company or health services corporation;  
16 and

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

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

20 (b) **May be** administered pursuant to a managed care program established by the  
21 insurance company or health services corporation; and

22 (c) **May deliver** covered services [may be delivered] through a system of contractual  
23 arrangements with one or more providers, hospitals, nonresidential or residential treatment  
24 programs, or other mental health service delivery entities certified by the department of mental  
25 health, or accredited 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 by  
70 this section, then the coverage shall be governed by the mental health and chemical dependency  
71 insurance act as provided in sections 376.825 to [376.835] **376.836**.

72 **6. This section shall not apply to a supplemental insurance policy, including a life**  
73 **care contract, accident-only policy, specified disease policy, hospital policy providing a**  
74 **fixed daily benefit only, Medicare supplement policy, long-term care policy,**  
75 **hospitalization-surgical care policy, short-term major medical policy of six months or less**  
76 **duration, or any other supplemental policy as determined by the director of the**  
77 **department of insurance.**

376.826. For the purposes of sections 376.825 to [376.840] **376.836** the following terms  
2 shall mean:

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

4 (2) "Health insurance policy" or "policy", all [group health insurance policies providing  
5 coverage on an expense-incurred basis, all group service or indemnity contracts issued by a not  
6 for profit health services corporation, all self-insured group health benefit plans of any type or  
7 description to the extent that regulation of such plans is not preempted by federal law, and all  
8 such] health insurance policies or contracts that are individually underwritten or provide such  
9 coverage for specific individuals and members of their families [as nongroup policies], which  
10 provide for hospital treatments. The term shall also include any [group or individual contract]  
11 **individually underwritten coverage** issued by a health maintenance organization. The  
12 provisions of sections 376.825 to [376.840] **376.836** shall not apply to policies which provide  
13 coverage for a specified disease only, other than for mental illness or chemical dependency;

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

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

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

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

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

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

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

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

27 (g) Senile organic psychotic conditions (290);

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

376.836. 1. The provisions of sections 376.825 to [376.840] **376.836** apply to  
2 applications for coverage made on or after January 1, [2000] **2005**, and to health insurance  
3 policies issued or renewed on or after such date to residents of this state. Multiyear group  
4 policies need not comply until the expiration of their current multiyear term unless the  
5 policyholder elects to comply before that time.

6 2. [The director shall perform a study to assess the impact of the mental health and  
7 substance abuse insurance act on insurers, business interests, providers, and consumers of mental  
8 health and substance abuse treatment services. The director shall report the findings of this study  
9 to the general assembly by January 1, 2004.] **This section shall not apply to a supplemental**  
10 **insurance policy, including a life care contract, accident-only policy, specified disease**  
11 **policy, hospital policy providing a fixed daily benefit only, Medicare supplement policy,**  
12 **long-term care policy, hospitalization-surgical care policy, short-term major medical policy**  
13 **of six months or less duration, or any other supplemental policy as determined by the**  
14 **director of the department of insurance.**

15 3. The provisions of sections 376.825 to 376.836 shall expire on January 1, 2011.

**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, 2005, 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) The coverages set forth in this subsection:

13           (a) May be administered pursuant to a managed care program established by the  
14 health carrier; and

15           (b) May deliver covered services through a system of contractual arrangements  
16 with one or more providers, hospitals, nonresidential or residential treatment programs,  
17 or other mental health service delivery entities certified by the department of mental  
18 health, or accredited by a nationally recognized organization, or licensed by the state of  
19 Missouri;

20           (3) A health benefit plan that does not otherwise provide for management of care  
21 under the plan or that does not provide for the same degree of management of care for all  
22 health conditions may provide coverage for treatment of mental health conditions through  
23 a managed care organization; provided that the managed care organization is in  
24 compliance with rules adopted by the department of insurance that assure that the system  
25 for delivery of treatment for mental health conditions does not diminish or negate the  
26 purpose of this section. The rules adopted by the director shall assure that:

27           (a) Timely and appropriate access to care is available;

28           (b) The quantity, location, and specialty distribution of health care providers is  
29 adequate; and

30           (c) Administrative or clinical protocols do not serve to reduce access to medically  
31 necessary treatment for any insured.

32           (4) Coverage for treatment for chemical dependency shall comply with sections  
33 376.779, 376.810 to 376.814, and 376.825 to 376.836 and for the purposes of this subdivision  
34 the term "health insurance policy" as used in sections 376.779, 376.810 to 376.814, and  
35 376.825 to 376.836, the term "health insurance policy" shall include group coverage.

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

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

40           (2) "Health benefit plan", the same meaning as such term is defined in section  
41 376.1350;

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

43           (4) "Mental health condition", any condition or disorder defined by categories  
44 listed in the most recent edition of the Diagnostic and Statistical Manual of Mental  
45 Disorders except for chemical dependency;

46           (5) "Managed care organization", any financing mechanism or system that  
47 manages care delivery for its members or subscribers, including health maintenance  
48 organizations and any other similar health care delivery system or organization;



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

52           **3. This section shall not apply to a health plan or policy that is individually**  
53 **underwritten or provides such coverage for specific individuals and members of their**  
54 **families pursuant to section 376.779, sections 376.810 to 376.814, and sections 376.825 to**  
55 **376.836, a supplemental insurance policy, including a life care contract, accident-only**  
56 **policy, specified disease policy, hospital policy providing a fixed daily benefit only,**  
57 **Medicare supplement policy, long-term care policy, hospitalization-surgical care policy,**  
58 **short-term major medical policies of six months or less duration, or any other**  
59 **supplemental policy as determined by the director of the department of insurance.**

60           **4. Notwithstanding any other provision of law to the contrary, all health insurance**  
61 **policies that cover state employees, including the Missouri consolidated health care plan,**  
62 **shall include coverage for mental illness. Multiyear group policies need not comply until**  
63 **the expiration of their current multiyear term unless the policyholder elects to comply**  
64 **before that time.**

65           **5. The provisions of this section shall not be violated if the insurer decides to apply**  
66 **different limits or exclude entirely from coverage the following:**

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

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

70           **(3) Care that is custodial in nature;**

71           **(4) Services and supplies that are not immediately nor clinically appropriate; or**

72           **(5) Treatments that are considered experimental.**

73           **6. The director shall grant a policyholder a waiver from the provisions of this**  
74 **section if the policyholder demonstrates to the director by actual experience over any**  
75 **consecutive twenty-four-month period that compliance with this section has increased the**  
76 **cost of the health insurance policy by an amount that results in a two percent increase in**  
77 **premium costs to the policyholder. The director shall promulgate rules establishing a**  
78 **procedure and appropriate standards for making such a demonstration. Any rule or**  
79 **portion of a rule, as that term is defined in section 536.010, RSMo, that is created under**  
80 **the authority delegated in this section shall become effective only if it complies with and**  
81 **is subject to all of the provisions of chapter 536, RSMo, and, if applicable, section 536.028,**  
82 **RSMo. This section and chapter 536, RSMo, are nonseverable and if any of the powers**  
83 **vested with the general assembly pursuant to chapter 536, RSMo, to review, to delay the**  
84 **effective date, or to disapprove and annul a rule are subsequently held unconstitutional,**

85 **then the grant of rulemaking authority and any rule proposed or adopted after August 28,**  
86 **2004, shall be invalid and void.**

2           [376.840. Notwithstanding the provision of subsection 1 of  
3           section 376.827, all health insurance policies which cover state  
4           employees including the Missouri consolidated health care plan shall  
5           include coverage for mental illness. Multiyear group policies need  
6           not comply until the expiration of their current multiyear term unless  
            the policyholder elects to comply before that time.]