

HCS HB 855 -- HEALTH INSURANCE

SPONSOR: Holand

COMMITTEE ACTION: Voted "do pass" by the Committee on Health Care Policy by a vote of 12 to 1.

This substitute changes the laws regarding insurance coverage for mental illness and chemical dependency. In its main provisions, the substitute:

(1) Requires all health plans or policies that are individually underwritten or that provide coverage for specific individuals and their family members to provide coverage for the treatment of alcoholism. Various group policies are excluded from this requirement. This provision will become effective January 1, 2005;

(2) Revises provisions contained in Sections 376.810 - 376.814, RSMo, pertaining to the offer of insurance coverage for the treatment of chemical dependency. This provision requires all health plans or policies that are individually underwritten or that provide coverage for specific individuals and their family members to provide coverage for the treatment of chemical dependency. Various group policies are excluded from this requirement; and

(3) Revises provisions contained in Sections 376.825 - 376.840, the Mental Health and Chemical Dependency Insurance Act. All health plans or policies that are individually underwritten or that provide coverage for specific individuals and their family members can offer the coverage listed in this section. Various group policies are excluded from this requirement. This provision will become effective January 1, 2005.

The substitute also requires health carriers that offer health benefit plans in this state on or after January 1, 2005, to provide coverage for mental health conditions. Mental health conditions are defined as those listed in the most recent edition of the Diagnostic and Statistical Manual of Mental Disorders. Coverage for mental health conditions cannot have rates, terms, or conditions that place a greater financial burden on an insured for mental health treatment than for physical health treatment. This provision of the substitute does not apply to certain insurance policies, including individually underwritten insurance policies.

FISCAL NOTE: No impact on General Revenue Fund in FY 2005, FY 2006, and FY 2007. Estimated Net Cost on Other State Funds of \$145,209 in FY 2005, \$315,610 in FY 2006, and \$325,079 in FY

2007.

PROPOSERS: Supporters say that the bill makes no distinction between insurance coverage for biological and psychological illnesses. More effective treatment for mental illness is currently available; and the trend is to treat patients on an outpatient basis, thus lowering mental health care costs. Persons with dual diagnoses and persons with low to moderate incomes often have difficulty accessing adequate mental health services due to inadequate coverage, benefit limits, or the exhaustion of benefits. Finally, the bill contains cost control features, including the administration of the insurance coverage by a managed care organization and making medical necessity the basis for mental health treatment.

Testifying for the bill were Representatives Holand and Riback Wilson (25); Department of Mental Health; Missouri Coalition for Community Mental Health Centers; Boone Hospital Center; Missouri Statewide Parent Advisory Network; Eastern Missouri Psychiatric Society of St. Louis; Missouri State Medical Association; National Alliance for the Mentally Ill of Missouri; National Alliance for the Mental Ill of Columbia; Missouri Hospital Association; Missouri Association of Physicians and Surgeons; American Federation of State, County, and Municipal Employees; Edward Duff; Kelly Schultz; National Alliance for the Mentally Ill of Joplin; United Healthcare; Citizens for Missouri's Children; and Paragard. Additional testimony was submitted by the Mental Health Association of Pettis County; Missouri Association of Marriage and Family Therapists; American Counseling Association of Missouri; Missouri Nurses Association; and Mental Health Commission.

OPPOSERS: Those who oppose the bill say that mandating insurance coverage for mental illness will result in a cost shifting from the private to the public sector, termination of insurance coverage, increased insurance premiums for consumers, and modifications in insurance coverages for biological illnesses. The bill will affect small businesses by increasing health insurance costs.

Testifying against the bill were Blue Cross/Blue Shield of Missouri; Missouri Association of Health Plans; Missouri Chamber of Commerce and Industry; Associated Industries of Missouri; Golden Rule Insurance Company; American Family Insurance; and Missouri Insurance Coalition.

Joseph Deering, Legislative Analyst