

BILL ANALYSIS

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S.B. 568
By: Ellis
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Currently, private health insurance plans are not required to provide health insurance benefits for the diagnosis and treatment of mental disorders (with the exception of certain serious mental illnesses). When private health insurance plans do provide benefits, they are not required to provide them at a level equal to those provided for other medical and surgical care. The restrictions relating to mental health coverage in many health plans include inpatient day limits and disproportionately high deductibles and co-payments and reflect long-standing misconceptions about the efficacy and cost-effectiveness of treating mental illnesses.

State and national studies have consistently demonstrated that employers' equalization of mental health benefits results in minimal cost increases, improved employee productivity, and decreased absenteeism. Access to timely and appropriate treatment can reduce other healthcare costs as people get help for their underlying mental health conditions.

When people cannot readily access needed mental health services through their private health insurance plans, they are faced with tough decisions that may include: leaving their mental health issues untreated, resulting in loss of productive work time or potentially forcing them into crisis situations; paying out-of-pocket expenses that strain their ability to cover other family financial obligations; or seeking care through the public mental health system. In each of these cases, the lack of treatment for mental health issues can have a detrimental impact on the individual, his or her family, co-workers, and society at-large. Untreated mental health issues in children and adults have been linked with high emergency room utilization, incarceration, and increased risk for involvement in the child welfare system. The estimated economic impact of mental illness in Texas was \$16 billion in 2003.

As proposed, S.B. 568 seeks to address these issues by requiring group health plans to provide coverage for the diagnosis and medically necessary treatment of mental disorders under terms at least as favorable as coverage provided for the diagnosis and treatment of medical and surgical conditions.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the commissioner of insurance in SECTION 1.03 (Section 1355.002, Insurance Code) and SECTION 1.09 (Section 1355.008, Insurance Code) of this bill.

SECTION BY SECTION ANALYSIS

ARTICLE 1. AMENDMENTS TO CHAPTER 1355, INSURANCE CODE

SECTION 1.01. Amends the heading to Subchapter A, Chapter 1355, Insurance Code, to read as follows:

SUBCHAPTER A. HEALTH BENEFIT PLAN COVERAGE FOR CERTAIN MENTAL DISORDERS AND SERIOUS MENTAL ILLNESSES

SECTION 1.02. Amends Section 1355.001, Insurance Code, to define "enrollee" and "mental disorder," and redefine "serious mental illness." Makes conforming changes.

SECTION 1.03. Amends Section 1355.002, Insurance Code, as follows:

Sec. 1355.002. New heading: CONSTRUCTION AND APPLICABILITY OF SUBCHAPTER. (a) Prohibits this subchapter from being construed as limiting medical treatment described in a billing code in the International Classification of Diseases, ninth edition, of the World Health Organization, or a subsequent edition of that publication that the commissioner of insurance adopts, by rule, to replace the ninth edition.

(b) Creates this subsection from existing text. Includes a reciprocal exchange operating under Chapter 942 (Reciprocal and Interinsurance Exchanges), a Lloyd's plan operating under Chapter 941 (Lloyd's Plan), and an approved nonprofit health corporation holding a certificate of authority under Chapter 844 (Certification of Certain Nonprofit Health Corporations), in the list of coverage to which this subchapter applies. Provides that this subchapter pertains to a multiple employer welfare arrangement holding a certificate of authority under Chapter 846 (Multiple Employer Welfare Arrangements), rather than as permitted by the Employee Retirement Income Security Act of 1974 (29 U.S.C. Section 1001 et seq.) or another analogous benefit arrangement.

SECTION 1.04. Amends Section 1355.003, Insurance Code, as follows:

Sec. 1355.003. EXCEPTION. Includes plans providing certain forms of coverage, Medicare supplemental policies as defined by Section 1882(g)(1), Social Security Act (42 U.S.C. Section 1395ss), workers' compensation policies, medical payment insurance coverage provided by automobile insurance policies, credit insurance policies, and long-term care insurance policies, in the list of policies and plans to which this subchapter does not apply. Removes Medicare supplement benefit plans from the list of policies and plans to which this subchapter does not apply. Deletes the definition of "serious mental illness." Makes conforming changes.

SECTION 1.05. Amends Subchapter A, Chapter 1355, Insurance Code, by adding Section 1355.0035, as follows:

Sec. 1355.0035. REQUIRED COVERAGE FOR MENTAL DISORDERS. (a) Requires a group health benefit plan, except as provided by Subsections (b) and (c), to provide coverage for the diagnosis and medically necessary treatment of an enrollee's mental disorder under terms as favorable as the terms for diagnosing and treating medical and surgical conditions.

(b) Requires the group benefits program under Chapter 1551 (Texas Employees Group Benefits Act) to provide coverage for mental disorders as required by Section 1551.205 (Limitations). Authorizes the uniform program offered under Chapter 1601 (Uniform Benefits Act for Employees of the University of Texas System and the Texas A&M University System) to limit coverage under this chapter to that required by Section 1355.004 (Required Coverage for Serious Mental Illness).

(c) Provides that this section does not apply to a consumer choice of benefits health insurance plan under Chapter 1507 (Consumer Choice Benefits Plan).

SECTION 1.06. Amends Section 1355.004, Insurance Code, by adding Subsection (c), to provide that this section (Required Coverage for Serious Mental Illness) does not apply to a group health benefit plan required to provide coverage under Section 1355.0035(a).

SECTION 1.07. Amends Section 1355.005, Insurance Code, as follows:

Sec. 1355.005. MANAGED CARE PLAN AUTHORIZED. Authorizes a group health benefit plan issuer to provide or offer coverage required by Section 1355.0035, as well as Section 1355.004, through a managed care plan.

SECTION 1.08. Amends Subchapter A, Chapter 1355, Insurance Code, by adding Section 1355.0055, as follows:

Sec. 1355.0055. COVERAGE EQUITY. (a) Prohibits a group health benefit plan subject to Section 1355.0035 from imposing treatment limitations or financial requirements on the provision of benefits under this subchapter for a mental disorder if the same limitations or requirements are not placed on coverage of benefits for other medical conditions.

(b) Requires deductible or out-of-pocket limit required by a health benefit plan subject to Section 1355.0035 to provide comprehensive coverage of both mental health and physical health conditions.

SECTION 1.09. Amends Subchapter A, Chapter 1335, Insurance Code, by adding Section 1355.008, as follows:

Sec. 1355.008. RULES. Requires the commissioner of insurance to adopt rules necessary to administer this subchapter.

SECTION 1.10. Amends Section 1355.151, Insurance Code, as follows:

Sec. 1355.151. PROHIBITION ON EXCLUSION OR LIMITATION OF CERTAIN COVERAGES. Defines "mental disorder," rather than "serious mental illness." Makes nonsubstantive and conforming changes.

ARTICLE 2. CONFORMING AMENDMENTS

SECTION 2.01. Amends Section 1551.003, Insurance Code, by adding Subdivision (10-a), to define "mental disorder."

SECTION 2.02. Amends Section 1551.205, Insurance Code, to make a conforming change.

SECTION 2.03. Amends Section 1601.109, Insurance Code, as follows.

Sec. 1601.109. New heading: COVERAGE FOR AIDS, HIV, OR MENTAL DISORDER. Defines "mental disorder," rather than "serious mental illness." Makes nonsubstantive and conforming changes.

ARTICLE 3. TRANSITION; EFFECTIVE DATE

SECTION 3.01. Makes application of this Act prospective to January 1, 2008.

SECTION 3.02. Effective date: September 1, 2007.