



April 6, 1999

**ENGROSSED  
HOUSE BILL No. 1108**

DIGEST OF HB 1108 (Updated April 1, 1999 7:55 am - DI 88)

**Citations Affected:** IC 5-10; IC 12-17; IC 27-8; IC 27-13.

**Synopsis:** Mental health insurance parity. Removes the September 29, 2001, expiration date of a provision stating that if a health coverage plan offers mental illness benefits, the coverage of services for mental illness must have similar treatment limitations or financial requirements as other medical conditions. Provides that mental illness benefits may be delivered under a managed care system. Provides an exemption from compliance with this provision if compliance would increase the annual premium or rates charged for the policy or health maintenance organization contract by more than four percent per year.

**Effective:** July 1, 1999; January 1, 2000.

**Crosby, Goeglein, Brown C, Becker,  
Welch, Pelath, Scholer, Fry,  
Cheney, Day, GiaQuinta**  
(SENATE SPONSORS — JOHNSON, SIMPSON, MILLER, BLADE,  
WASHINGTON)

January 6, 1999, read first time and referred to Committee on Public Health.  
January 20, 1999, amended, reported — Do Pass; recommitted to Committee on Ways and Means.  
February 11, 1999, reported — Do Pass.  
February 15, 1999, read second time, amended, ordered engrossed.  
February 16, 1999, engrossed. Read third time, passed. Yeas 70, nays 25.  
SENATE ACTION  
February 22, 1999, read first time and referred to Committee on Health and Provider Services.  
April 5, 1999, amended, reported favorably — Do Pass.

EH 1108—LS 6441/DI 77+



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April 6, 1999

First Regular Session 111th General Assembly (1999)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 1998 General Assembly.

# ENGROSSED HOUSE BILL No. 1108

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A BILL FOR AN ACT to amend the Indiana Code concerning insurance.

*Be it enacted by the General Assembly of the State of Indiana:*

1 SECTION 1. IC 5-10-8-9 IS AMENDED TO READ AS FOLLOWS  
2 [EFFECTIVE JANUARY 1, 2000]: Sec. 9. (a) ~~This section does not~~  
3 ~~apply to benefits for services furnished after September 29, 2001.~~  
4 (b) This section does not apply if the application of this section  
5 would increase the premiums of the health services policy or plan, **as**  
6 **certified under IC 27-8-5-15.7**, by more than ~~one percent (1%)~~ **four**  
7 **percent (4%)** as a result of complying with subsection (d). (c).  
8 (e) (b) As used in this section, "coverage ~~for of~~ services for mental  
9 illness" includes benefits with respect to mental health services as  
10 defined by the contract, policy, or plan for health services. However,  
11 the term does not include services for the treatment of substance abuse  
12 or chemical dependency.  
13 (d) (c) If the state enters into a contract for health services through  
14 prepaid health care delivery plans, medical self-insurance, or group  
15 health insurance for state employees, the contract may not permit  
16 treatment limitations or financial requirements on the coverage of  
17 services for mental illness if similar limitations or requirements are not

**EH 1108—LS 6441/DI 77+**



1 imposed on **the** coverage of services for other **medical or surgical**  
2 conditions.

3 ~~(e)~~ (d) This section applies to a contract for health services through  
4 prepaid health care delivery plans, medical self-insurance, or group  
5 medical coverage for state employees that is issued, entered into, or  
6 renewed after June 30, 1997.

7 ~~(f)~~ (e) This section does not require the contract for health services  
8 to offer mental health benefits.

9 SECTION 2. IC 12-17-18-18 IS AMENDED TO READ AS  
10 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 18. (a) As used in this  
11 section, "physicians' services" has the meaning set forth in 42 U.S.C.  
12 1395x(q) and (r).

13 (b) The office shall offer health insurance coverage for the following  
14 basic services:

- 15 (1) Inpatient and outpatient hospital services.
- 16 (2) Physicians' services.
- 17 (3) Laboratory and x-ray services.
- 18 (4) Well-baby and well-child care, including age appropriate  
19 immunizations.

20 (c) The office shall offer health insurance coverage for the following  
21 additional services if the coverage for the services has an actuarial  
22 value equal to the actuarial value of the services provided by the  
23 benchmark program for the following:

- 24 (1) Prescription drugs.
- 25 (2) Mental health services.
- 26 (3) Vision services.
- 27 (4) Hearing services.
- 28 (5) Dental services.

29 (d) Notwithstanding subsections (b) and (c), the office shall offer  
30 health insurance coverage for the same services provided under the  
31 early and periodic screening, diagnosis, and treatment program  
32 (EPSDT) under IC 12-15.

33 (e) Notwithstanding subsections (b), (c), and (d), the office may not  
34 impose treatment limitations or financial requirements on the coverage  
35 of services for a mental illness if similar treatment limitations or  
36 financial requirements are not imposed on **the** coverage ~~for of~~ services  
37 for other ~~illnesses~~ **medical or surgical conditions**.

38 SECTION 3. IC 27-8-5-15.6 IS AMENDED TO READ AS  
39 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 15.6. (a) ~~This~~  
40 ~~section does not apply to benefits for services furnished after~~  
41 ~~September 29, 2001.~~

42 (b) ~~As used in this section, "aggregate lifetime limits" means a~~

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1 dollar limitation on the total amount that may be paid for services for  
2 a mental illness.

3 (c) As used in this section, "annual limits" means a dollar limitation  
4 on the total amount that may be paid for services for a mental illness in  
5 a twelve (12) month period.

6 (d) As used in this section, "coverage of services for a mental  
7 illness" includes the services defined under the policy of accident and  
8 sickness insurance (as defined in IC 27-8-5-1). However, the term does  
9 not include services for the treatment of substance abuse or chemical  
10 dependency.

11 (e) (b) This section applies to a policy of accident and sickness  
12 insurance (as defined in IC 27-8-5-1) that:

13 (1) is issued on an individual basis or a group basis; and

14 (2) is issued, entered into, or renewed after ~~June 30, 1998;~~  
15 **December 31, 1999; and**

16 (3) is issued to an employer that employs more than fifty (50)  
17 full-time employees.

18 (f) (c) This section does not apply to the following:

19 (1) Except for an employee benefit program under IC 5-10-8, an  
20 employee benefit program that is subject to the federal Employee  
21 Retirement Income Security Act (29 U.S.C. 1001 et seq.);

22 (2) A group or individual An insurance policy or agreement  
23 offered or sold to:

24 (A) an individual;

25 (B) an association; or

26 (C) a legal business entity that employs less than fifty (50)  
27 full-time employees: listed under IC 27-8-15-9(b).

28 (3) an individual, an association, or (2) A legal business entity  
29 whose premiums would increase more than one percent (1%)  
30 solely as a result of complying with subsection (g): that has  
31 obtained an exemption under IC 27-8-5-15.7.

32 (g) (d) A group or individual insurance policy or agreement may not  
33 impose aggregate lifetime limits or annual limits permit treatment  
34 limitations or financial requirements on the coverage of services for  
35 a mental illness if similar limitations or requirements are not imposed  
36 on the coverage of services for other medical or surgical conditions.

37 (h) (e) This section does not require a group or individual insurance  
38 policy or agreement to offer mental health benefits.

39 (f) The benefits delivered under this section may be delivered  
40 under a managed care system.

41 SECTION 4. IC 27-8-5-15.7 IS ADDED TO THE INDIANA CODE  
42 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY

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1, 1999]: **Sec. 15.7. (a) The department shall exempt a policy or contract issued by an insurer or health maintenance organization under IC 5-10-8-9, section 15.6 of this chapter, or IC 27-13-7-14.8 by documenting to the department that compliance with the requirements of IC 5-10-8-9(c), section 15.6(d) of this chapter, or IC 27-13-7-14.8(d) have increased the annual premium or rates charged for the policy or health maintenance organization contract by more than four percent (4%) per year. An insurer or a health maintenance organization that applies for an exemption under this section shall provide documentation that is certified by an independent member of the American Academy of Actuaries of actual mental health claims incurred for a period of not less than six (6) months to substantiate the insurer's or health maintenance organization's assertion of increased claims and administrative costs by more than four percent (4%) per year.**

**(b) Documents submitted under this section must be available for public inspection.**

SECTION 5. IC 27-13-7-14.8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 14.8. (a) This section does not apply to benefits for services furnished after September 29, 2001.

(b) As used in this section, "aggregate lifetime limits" means a dollar limitation on the total amount that may be paid for services for a mental illness.

(c) As used in this section, "annual limits" means a dollar limitation on the total amount that may be paid for services for a mental illness in a twelve (12) month period.

(d) As used in this section, "coverage of services for a mental illness" includes the services defined under the contract with the health maintenance organization. However, the term does not include services for the treatment of substance abuse or chemical dependency.

(e) (b) This section applies to a group or individual contract with a health maintenance organization that:

- (1) is issued, entered into, or renewed after ~~June 30, 1998;~~ **December 31, 1999; and**
- (2) is issued to an employer that employs more than fifty (50) full-time employees.

(f) (c) This section does not apply to the following:

- (1) Except for an employee benefit program under IC 5-10-8, an employee benefit program that is subject to the federal Employee Retirement Income Security Act (29 U.S.C. 1001 et seq.);
- (2) A group or individual contract with a health maintenance

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1 organization offered or sold to:  
 2 (A) an individual;  
 3 (B) an association; or  
 4 (C) a legal business entity that employs less than fifty (50)  
 5 full-time employees.  
 6 (3) an individual, an association, or a legal business entity whose  
 7 premiums would increase more than one percent (1%) solely as  
 8 a result of complying with subsection (g) **that has obtained an**  
 9 **exemption under IC 27-8-5-15.7.**  
 10 (g) (d) A group or individual contract with a health maintenance  
 11 organization may not impose aggregate lifetime limits or annual limits  
 12 **permit treatment limitations or financial requirements** on the  
 13 coverage of services for a mental illness if similar limitations or  
 14 requirements are not imposed on **the** coverage of services for other  
 15 **medical or surgical** conditions.  
 16 (h) (e) This section does not require a group or individual contract  
 17 with a health maintenance organization to offer mental health benefits.

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## COMMITTEE REPORT

Mr. Speaker: Your Committee on Public Health, to which was referred House Bill 1108, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, line 9, after "coverage" strike "for" and insert "**of**".

Page 1, line 11, strike "However,".

Page 1, line 12, delete "the" and insert "The".

Page 1, line 12, strike "does not include" and insert "**includes**".

Page 3, line 9, strike "However,".

Page 3, line 9, delete "the" and insert "The".

Page 3, line 9, strike "does".

Page 3, line 10, strike "not include" and insert "**includes**".

Page 4, line 22, strike "However,".

Page 4, line 22, delete "the" and insert "The".

Page 4, line 22, strike "does not include" and insert "**includes**".

and when so amended that said bill do pass.

(Reference is to HB 1108 as introduced.)

BROWN C, Chair

Committee Vote: yeas 11, nays 2.

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1108, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

BAUER, Chair

Committee Vote: yeas 19, nays 5.

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## HOUSE MOTION

Mr. Speaker: I move that House Bill 1108 be amended to read as follows:

Page 1, line 6, delete "by the department of insurance".

Page 3, line 14, strike "and".

Page 3, line 15, delete "." and insert "; **and**".

Page 3, between lines 15 and 16, begin a new line block indented and insert:

**"(3) is issued to an employer that employs more than fifty (50) full-time employees."**

Page 3, line 20, strike "A group or individual" and insert "**An**".

Page 3, line 20, strike "or agreement offered".

Page 3, strike lines 21 through 25 and insert "**listed under IC 27-8-15-9(b)**".

Page 3, line 26, delete "A policy offered or sold to".

Page 3, line 27, delete "a" and insert "**A**".

Page 3, line 27, strike "whose premiums would increase more than".

Page 3, line 28, delete "four percent (4%), as certified by the".

Page 3, line 29, delete "department of insurance under IC 27-8-5-15.7,".

Page 3, line 29, strike "solely as a".

Page 3, line 30, strike "result of complying with subsection".

Page 3, line 30, delete "(d)." and insert "**that has obtained an exemption under IC 27-8-5-15.7**".

Page 3, line 40, delete "An" and insert "**(a) The department shall exempt a policy or contract issued by an**".

Page 3, line 41, delete "may apply for exemption".

Page 3, line 42, delete "demonstrating" and insert "**documenting**".

Page 3, line 42, delete "of".

Page 4, line 1, delete "insurance".

Page 4, line 2, delete "would" and insert "**have**".

Page 4, line 3, delete "increase" and insert "**increased**".

Page 4, line 5, delete "The department shall require an applicant and insert "**An applicant for an exemption under this section shall provide documentation that is certified by an independent member of the American Academy of Actuaries of actual mental health claims incurred for a period of not less than six (6) months to substantiate the applicant's assertion of increased claims and administrative costs by more than four percent (4%) per year.**

**(b) Documents submitted under this section must be available for public inspection."**

Page 4, delete lines 6 through 9.

EH 1108—LS 6441/DI 77+



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Page 4, line 26, after "that" insert ":".

Page 4, line 26, before "is issued" begin a new line block indented and insert "**(1)**".

Page 4, line 27, delete "." and insert "; **and**".

Page 4, between lines 27 and 28, begin a new line block indented and insert "**(2) is issued to an employer that employs more than fifty (50) full-time employees.**".

Page 4, strike lines 32 through 37.

Page 4, line 38, strike "(3)".

Page 4, line 38, delete "A contract entered into with".

Page 4, line 39, delete "a" and insert "**(2) A**".

Page 4, line 39, strike "whose premiums would increase more than".

Page 4, line 40, delete "four percent (4%), as certified by the".

Page 4, line 41, delete "department of insurance under IC 27-8-5-15.7,".

Page 4, line 41, strike "solely as a".

Page 4, line 42, strike "result of complying with subsection".

Page 4, line 42, delete "(d)." and insert "**that has obtained an exemption under IC 27-8-5-15.7.**".

(Reference is to HB 1108 as printed February 12, 1999.)

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## COMMITTEE REPORT

Mr. President: The Senate Committee on Health and Provider Services, to which was referred House Bill No. 1108, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 1, line 2, delete the effective date "[EFFECTIVE JULY, 1, 1999]" and insert "[EFFECTIVE JANUARY 1, 2000]".

Page 1, line 10, reset in roman "However,".

Page 1, line 11, delete "The" and insert "the".

Page 1, line 11, reset in roman "does not include".

Page 1, line 11, delete "includes".

Page 2, line 39, delete the effective date "[EFFECTIVE JULY, 1, 1999]" and insert "[EFFECTIVE JANUARY 1, 2000]".

Page 3, line 8, reset in roman "However,".

Page 3, line 8, delete "The" and insert "the".

Page 3, line 9, reset in roman "does not include".

Page 3, line 9, delete "includes".

Page 3, line 14, strike "June 30, 1998;" and insert "**December 31, 1999;**".

Page 3, line 18, strike "Except for an employee benefit program under IC 5-10-8, an".

Page 3, strike lines 19 through 20.

Page 3, line 21, strike "(2)".

Page 3, line 27, strike "(3)".

Page 3, line 27, before "A" insert "(2)".

Page 3, between lines 37 and 38, begin a new paragraph and insert: "**(f) The benefits delivered under this section may be delivered under a managed care system.**".

Page 4, line 5, delete "applicant" and insert "**insurer or a health maintenance organization that applies**".

Page 4, line 9, delete "applicant's" and insert "**insurer's or health maintenance organization's**".

Page 4, line 15, delete the effective date "[EFFECTIVE JULY, 1, 1999]" and insert "[EFFECTIVE JANUARY 1, 2000]".

Page 4, line 26, reset in roman "However,".

Page 4, line 26, delete "The" and insert "the".

Page 4, line 26, reset in roman "does not include".

Page 4, line 27, delete "includes".

Page 4, line 31, strike "June 30, 1998;" and insert "**December 31, 1999;**".

Page 4, line 34, strike "the following:".

EH 1108—LS 6441/DI 77+



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Page 4, strike lines 35 through 37.

Page 5, line 2, delete "(2) A" and insert "a".

and when so amended that said bill do pass.

(Reference is to HB 1108 as reprinted February 16, 1999.)

MILLER, Chairperson

Committee Vote: Yeas 7, Nays 0.

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