



Reprinted
February 16, 1999

HOUSE BILL No. 1108

DIGEST OF HB 1108 (Updated February 15, 1999 8:36 pm - DI 51)

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. Includes substance abuse under the term "coverage of services for a mental illness". 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. (The introduced version of this bill was prepared by the Indiana Commission on Mental Health.)

Effective: July 1, 1999.

**Crosby, Goeglein, Brown C, Becker,
Welch, Pelath, Scholer, Fry,
Cheney, Day, Scholer, GiaQuinta**

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.

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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.

HOUSE BILL No. 1108

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 JULY 1, 1999]: Sec. 9. (a) ~~This section does not apply~~
3 ~~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~~ **includes** services for the treatment of
12 substance abuse 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

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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 JULY 1, 1999]: Sec. 15.6. (a) ~~This section~~
40 ~~does not apply to benefits for services furnished after September 29,~~
41 ~~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
9 ~~does not include~~ **includes** services for the treatment of substance abuse
10 or chemical 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; ~~and~~
15 **(3) is issued to an employer that employs more than fifty (50)**
16 **full-time employees.**

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

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

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

23 ~~(A) an individual;~~

24 ~~(B) an association; or~~

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

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

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

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

38 SECTION 4. IC 27-8-5-15.7 IS ADDED TO THE INDIANA CODE
39 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
40 1, 1999]: **Sec. 15.7. (a) The department shall exempt a policy or**
41 **contract issued by an insurer or health maintenance organization**
42 **under IC 5-10-8-9, section 15.6 of this chapter, or IC 27-13-7-14.8**



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

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

14 SECTION 5. IC 27-13-7-14.8 IS AMENDED TO READ AS
 15 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 14.8. (a) This section
 16 does not apply to benefits for services furnished after September 29,
 17 2001.

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

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

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

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

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

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

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

38 (2) ~~A group or individual contract with a health maintenance~~
 39 ~~organization offered or sold to:~~

40 (A) an individual;

41 (B) an association; or

42 (C) a legal business entity that employs less than fifty (50)

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full-time employees.
(3) an individual; an association; or (2) A legal business entity
whose premiums would increase more than one percent (1%)
solely as a result of complying with subsection (g) that has
obtained an exemption under IC 27-8-5-15.7.
(g) (d) A group or individual contract with a health maintenance
organization may not impose aggregate lifetime limits or annual limits
permit treatment limitations or financial requirements on the
coverage of services for a mental illness if similar limitations or
requirements are not imposed on the coverage of services for other
medical or surgical conditions.
(h) (e) This section does not require a group or individual contract
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.

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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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