SENATE BILL REPORT SB 5271

As of January 25, 2001

Title: An act relating to insurance coverage for certain mental illnesses.

Brief Description: Providing insurance coverage for certain mental illnesses.

Sponsors: Senators Long, Thibaudeau, Gardner, Costa and Kohl-Welles.

Brief History:

Committee Activity: Health & Long-Term Care: 1/25/01.

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Staff: Joan K. Mell (786-7447)

Background: This state does not mandate insurance coverage for mental illnesses. Also, this state does not mandate a certain level of benefit if coverage is offered. When offered, mental health benefits are typically limited to a specified number of visits, or a fixed percentage of inpatient care costs for a limited number of days. The types of limitations on benefits for mental health coverage are different than the usual limit of medical necessity applied to other physical conditions.

Mental health parity is a concept whereby mental health insurance coverage would be offered and provided at levels equal to other health care services. More than 20 states have enacted mental health parity legislation; 13 of those states focused coverage on specific mental illnesses. States varied from three to ten different diagnoses.

In 1998, the Department of Health issued a mandated benefits sunrise review report on mental health parity legislation. The department's report focused on the social and financial costs associated with mental health parity. With regard to social costs, the report stated: Mental health problems have high prevalence, with variable but often very high impact on health and productive life.— With regard to financial costs, an actuarial analysis is included in the report. The department recommended enactment of legislation because the benefits outweighed the costs in the department's opinion.

Recent changes at the federal level have included elimination of co-payments, deductibles, limits on outpatient visits or inpatient days that are not the same as for physical conditions in private health plans for federal employees. These changes go beyond requirements imposed by the federal Mental Health Parity Act of 1996 (MHPA). The federal act applies

to certain group plans and precludes them from varying annual or lifetime dollar limits from the limits applicable to medical and surgical services. MHPA sunsets in September 2001.

Summary of Bill: Certain mental illnesses diagnosed under the Diagnostic and Statistical Manual of Mental Disorders must be covered as any chronic medical condition.

If a minor is not covered under the categories of mental illness that are specified, then benefits must be made available pursuant to certain other criteria. The criteria include: the minor accessing care from a licensed or certified mental health professional on more than one occasion; the minor having been referred for a mental health evaluation by a probation counselor; or the minor having been admitted to an emergency room when it relates to the minor's mental status.

Rulemaking authority is given to the Insurance Commissioner.

Appropriation: None.

Fiscal Note: Requested on January 20, 2001.

Effective Date: Ninety days after adjournment of session in which bill is passed.