

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied
(searchable text may contain some errors and/or omissions)



117th MAINE LEGISLATURE

FIRST REGULAR SESSION-1995

Legislative Document

No. 595

H.P. 432

House of Representatives, February 17, 1995

An Act Regarding Insurance Coverage for Mental Illness.

(EMERGENCY)

Reference to the Committee on Banking and Insurance suggested and ordered printed.

A handwritten signature in cursive script that reads "Joseph W. Mayo".

JOSEPH W. MAYO, Clerk

Presented by Representative DORE of Auburn.

Cosponsored by Representatives: ADAMS of Portland, CAMERON of Rumford, CHASE of China, ETNIER of Harpswell, FITZPATRICK of Durham, GERRY of Auburn, GWADOSKY of Fairfield, JOSEPH of Waterville, KERR of Old Orchard Beach, MITCHELL of Vassalboro, MITCHELL of Portland, MORRISON of Bangor, SIMONEAU of Thomaston, WATSON of Farmingdale, Senators: ABROMSON of Cumberland, BERUBE of Androscoggin, McCORMICK of Kennebec, PARADIS of Aroostook, PINGREE of Knox, RAND of Cumberland.

2 **Emergency preamble.** Whereas, Acts of the Legislature do not
become effective until 90 days after adjournment unless enacted
as emergencies; and

4
6 **Whereas,** mental illness affects many of the State's citizens
each year, causing pain among its victims and their families; and

8 **Whereas,** the risk of mental illness can be insured at
reasonable cost; and

10
12 **Whereas,** health insurance coverage for the treatment of
mental illness can be comparable to coverage for the treatment of
other physical illnesses; and

14
16 **Whereas,** the laws that provide for parity of benefits for
the treatment of mental illness are repealed July 1, 1995; and

18 **Whereas,** in the judgment of the Legislature, these facts
create an emergency within the meaning of the Constitution of
Maine and require the following legislation as immediately
20 necessary for the preservation of the public peace, health and
22 safety; now, therefore,

24 **Be it enacted by the People of the State of Maine as follows:**

26 **Sec. 1. 24 MRSA §2325-A, sub-§5-A,** as amended by PL 1989, c.
490, §1, is repealed.

28 **Sec. 2. 24 MRSA §2325-A, sub-§5-C,** as amended by PL 1993, c.
30 586, §1 is repealed and the following enacted in its place:

32 **5-C. Coverage for treatment for certain mental illnesses.**
34 Coverage for medical treatment for mental illnesses listed in
paragraph A is subject to this subsection.

36 **A. All group contracts must provide, at a minimum, benefits**
38 **according to paragraph B, subparagraph (1) for a person**
receiving medical treatment for:

40 (1) Schizophrenia;

42 (2) Bipolar disorder;

44 (3) Pervasive developmental disorder, or autism;

46 (4) Childhood schizophrenia;

48 (5) Psychotic depression, or involuntional melancholia;

50 (6) Paranoia;

52 (7) Panic disorder;

2
4
6
8
10
12
14
16
18
20
22
24
26
28
30
32
34
36
38
40
42
44
46
48
50
52

(8) Obsessive-compulsive disorder; or

(9) Major depressive disorder.

B. All policies and certificates executed, delivered, issued for delivery, continued or renewed in this State on and after July 1, 1995 must provide benefits that meet the requirements of this paragraph. For purposes of this paragraph, all contracts are deemed renewed no later than the next yearly anniversary of the contract date.

(1) The contracts must provide benefits for the treatment and diagnosis of mental illnesses under terms and conditions that are no less extensive than the benefits provided for medical treatment for physical illnesses.

(2) At the request of the nonprofit hospitals and medical service organizations, providers of medical treatment for mental illness shall furnish data substantiating that initial or continued treatment is medically necessary and appropriate. When making the determination of whether treatment is medically necessary and appropriate, the provider shall use the same criteria for medical treatment for mental illness as for medical treatment for physical illness under the group contract.

Sec. 3. 24 MRSA §2325-A, sub-§8, as enacted by PL 1983, c. 515, §4, is amended to read:

8. Reports to the Superintendent of Insurance. Every nonprofit hospital or medical service organization subject to this section shall report its experience for each calendar year ~~beginning with 1984~~ to the superintendent not later than April 30th of the following year. The report shall ~~shall~~ **must** be in a form prescribed by the superintendent and ~~shall~~ include the amount of claims paid in this State for the services required by this section and the total amount of claims paid in this State for group health care contracts, both separated between those paid for inpatient, day treatment and outpatient services. The superintendent shall compile this data for all nonprofit hospital or medical service organizations in an annual report.

Sec. 4. 24 MRSA §2325-A, sub-§9, as amended by PL 1993, c. 586, §2, is repealed.

Sec. 5. 24-A MRSA §2749-C is enacted to read:

§2749-C. Mental health services coverage

1. Findings. The Legislature finds that:

A. Mental illness affects nearly 170,000 people of this State each year, resulting in anguish, grief, desperation, fear, isolation and a sense of hopelessness of significant levels among victims and families;

B. Consequences of mental illness include the expenditure of millions of dollars of public funds for treatment and losses of millions of dollars by businesses in the State in accidents, absenteeism, nonproductivity and turnover. Excessive stress and anxiety and other forms of mental illness clearly contribute to general health problems and costs;

C. Typical health coverage in this State discriminates against mental illness, the victims and affected families with nonexistent or limited benefits compared to provisions for other illnesses; and

D. Experience in this State and several other states demonstrates that the risk of mental illness can be insured at reasonable cost and with adequate controls on quality and utilization of treatment.

2. Policy and purpose. The Legislature declares that it is the policy of this State to:

A. Promote equitable and nondiscriminatory health coverage benefits for all forms of illness including mental and emotional disorders that are of significant consequence to the health of people of the State and that can be treated in a cost-effective manner;

B. Ensure that victims of mental illness and other illnesses have access to and choice of appropriate treatment at the earliest point of illness in the least restrictive settings;

C. Ensure that costs of treatment of mental illness are supported through an equitable combination of public and private responsibilities; and

D. Ensure that the Legislature reasonably exercises its legal responsibility for insurance policy in this State by prescribing types of illnesses and treatment for which benefits must be provided.

3. Definitions. For purposes of this section, unless the context otherwise indicates, the following terms have the following meanings.

2 A. "Day treatment services" includes psychoeducational,
4 physiological, psychological and psychosocial concepts,
6 techniques and processes necessary to maintain or develop
 functional skills of clients, provided to individuals and
 groups for periods of more than 2 hours but less than 24
 hours a day.

8
10 B. "Inpatient services" includes a range of physiological,
12 psychological and other intervention concepts, techniques
14 and processes in a community mental health psychiatric
 inpatient unit, general hospital psychiatric unit or
 psychiatric hospital licensed by the Department of Human
16 Services or accredited public hospital to restore
 psychosocial functioning sufficient to allow maintenance and
 support of the client in a less restrictive setting.

18 C. "Outpatient services" includes screening, evaluation,
20 consultations, diagnosis and treatment involving use of
 psychoeducational, physiological, psychological and
22 psychosocial evaluative and interventive concepts,
 techniques and processes provided to individuals and groups.

24 D. "Person suffering from a mental or nervous condition"
26 means a person whose psychobiological processes are impaired
 severely enough to manifest problems in the areas of social,
28 psychological or biological functioning. Such a person has a
 disorder of thought, mood, perception, orientation or memory
30 that impairs judgment, behavior, capacity to recognize or
 ability to cope with the ordinary demands of life. The
32 person manifests an impaired capacity to maintain acceptable
 levels of functioning in the areas of intellect, emotion or
 physical well-being.

34 E. "Provider" means any individual included in Title 24,
36 section 2303, subsection 2 and a licensed physician, an
38 accredited public hospital or psychiatric hospital or a
 community agency licensed at the comprehensive service level
40 by the Department of Mental Health and Mental Retardation.
 All agency or institutional providers named in this
42 paragraph shall ensure that services are supervised by a
 psychiatrist or licensed psychologist.

44 4. Requirement. Every insurer that issues individual
46 health care policies providing coverage for hospital care to
 residents of this State shall provide benefits required in this
48 section to any subscriber or other person covered under those
 policies for conditions arising from mental illness.

50 5. Services. Each individual policy must provide, at a
52 minimum, the following benefits for a person suffering from a
 mental or nervous condition:

- 2 A. Inpatient care;
- 4 B. Day treatment services; and
- 6 C. Outpatient services.

8 6. Coverage for treatment for certain mental illnesses.
10 Coverage for medical treatment for mental illnesses listed in
12 paragraph A is subject to this subsection.

14 A. All policies must provide, at a minimum, benefits
16 according to paragraph B, subparagraph (1) for a person
18 receiving medical treatment for:

- 20 (1) Schizophrenia;
- 22 (2) Bipolar disorder;
- 24 (3) Pervasive developmental disorder, or autism;
- 26 (4) Childhood schizophrenia;
- 28 (5) Psychotic depression, or involuntional melancholia;
- 30 (6) Paranoia;
- 32 (7) Panic disorder;
- 34 (8) Obsessive-compulsive disorder; or
- 36 (9) Major depressive disorder.

38 B. All policies must provide benefits that meet the
40 requirements of this paragraph. For purposes of this
42 paragraph, all contracts are deemed renewed no later than
44 the next yearly anniversary of the contract date.

46 (1) The policies must provide benefits for the
48 treatment and diagnosis of mental illnesses under terms
50 and conditions that are no less extensive than the
 benefits provided for medical treatment for physical
 illnesses.

(2) At the request of the reimbursing insurers, all
 providers of medical treatment for mental illness shall
 furnish data substantiating that initial or continued
 treatment is medically necessary and appropriate. When
 making the determination of whether treatment is
 medically necessary and appropriate, the provider shall

2 use the same criteria for medical treatment for mental
3 illness as for medical treatment for physical illness
4 under the individual policy.

6 7. Contracts; providers. Subject to approval by the
7 superintendent pursuant to section 2305, an insurer incorporated
8 under this chapter shall offer contracts to providers authorizing
9 the provision of mental health services within the scope of the
10 provider's licensure.

12 8. Limits; coinsurance; deductibles. Any policy or
13 contract that provides coverage for the services required by this
14 section may contain provisions for maximum benefits and
15 coinsurance and reasonable limitations, deductibles and
16 exclusions to the extent that these provisions are not
17 inconsistent with the requirements of this section.

18 9. Reports to the Superintendent of Insurance. Every
19 insurer subject to this section shall report its experience for
20 each calendar year to the superintendent no later than April 30th
21 of the following year. The report be must in a form prescribed
22 by the superintendent and include the amount of claims paid in
23 this State for the services required by this section and the
24 total amount of claims paid in this State for individual health
25 care policies, both separated between those paid for inpatient,
26 day treatment and outpatient services. The superintendent shall
27 compile this data for all insurers in an annual report.

28 10. Application; expiration. Except as otherwise provided,
29 the requirements of this section apply to all policies executed,
30 delivered, issued for delivery, continued or renewed in this
31 State on and after July 1, 1995. For purposes of this section,
32 all policies are deemed renewed no later than the next yearly
33 anniversary of the contract date.

36 Sec. 6. 24-A MRSA §2843, sub-§5-A, as amended by PL 1989, c.
37 490, §4, is repealed.

38 Sec. 7. 24-A MRSA §2843, sub-§5-C, as amended by PL 1993, c.
39 586, §3, is repealed and the following enacted in its place:

42 5-C. Coverage for treatment for certain mental illnesses.
43 Coverage for medical treatment for mental illnesses listed in
44 paragraph A is subject to this subsection.

46 A. All group contracts must provide, at a minimum,
47 benefits, according to paragraph B, subparagraph (1) for a
48 person receiving medical treatment for:

50 (1) Schizophrenia;

52 (2) Bipolar disorder;

- 2 (3) Pervasive developmental disorder, or autism;
- 4 (4) Childhood schizophrenia;
- 6 (5) Psychotic depression, or involuntional melancholia;
- 8 (6) Paranoia;
- 10 (7) Panic disorder;
- 12 (8) Obsessive-compulsive disorder; or
- 14 (9) Major depressive disorder.

16 B. All policies and certificates executed, delivered,
18 issued for delivery, continued or renewed in this State on
20 and after July 1, 1995, must provide benefits that meet the
 requirements of this paragraph. For purposes of this
 paragraph, all contracts are deemed renewed no later than
 the next yearly anniversary of the contract date.

22 (1) The contracts must provide benefits for treatment
24 and diagnosis of mental illnesses under terms and
26 conditions that are no less extensive than coverage
 provided for medical treatment for physical illnesses.

28 (2) At the request of the reimbursing insurers, all
30 providers of medical treatment for mental illness shall
32 furnish data substantiating that initial or continued
34 treatment is medically necessary and appropriate. When
 making the determination of whether treatment is
 medically necessary and appropriate, the provider shall
 use the same criteria for medical treatment for mental
 illness as for medical treatment for physical illness
 under the group contract.

36 **Sec. 8. 24-A MRSA §2843, sub-§7,** as enacted by PL 1983, c.
38 515, §6, is amended to read:

40 **7. Reports to the Superintendent of Insurance.** Every
42 insurer subject to this section shall report its experience for
44 each calendar year ~~beginning with 1984~~ to the superintendent not
46 later than April 30th of the following year. The report shall
48 must be in a form prescribed by the superintendent and shall
50 include the amount of claims paid in this State for the services
 required by this section and the total amount of claims paid in
 this State for group health care contracts, both separated
 between those paid for inpatient, day treatment and outpatient
 services. The superintendent shall compile this data for all
 insurers in an annual report.

2 **Sec. 9. 24-A MRSA §2843, sub-§8,** as amended by PL 1993, c.
586, §4, is repealed.

4 **Sec.10. 24-A MRSA §4234-A** is enacted to read:

6 **§4234-A. Mental health services coverage**

8 **1. Findings.** The Legislature finds that:

10 A. Mental illness affects nearly 170,000 people of this
12 State each year, resulting in anguish, grief, desperation,
14 fear, isolation and a sense of hopelessness of significant
16 levels among victims and families;

18 B. Consequences of mental illness include the expenditure
20 of millions of dollars of public funds for treatment and
22 losses of millions of dollars by businesses in the State in
24 accidents, absenteeism, nonproductivity and turnover.
26 Excessive stress and anxiety and other forms of mental
28 illness clearly contribute to general health problems and
30 costs;

32 C. Typical health coverage in this State discriminates
34 against mental illness, the victims and affected families
36 with nonexistent or limited benefits compared to provisions
38 for other illnesses; and

40 D. Experience in this State and several other states
42 demonstrates that the risk of mental illness can be insured
44 at reasonable cost and with adequate controls on quality and
46 utilization of treatment.

48 **2. Policy and purpose.** The Legislature declares that it is
50 the policy of this State to:

52 A. Promote equitable and nondiscriminatory health coverage
54 benefits for all forms of illness including mental and
56 emotional disorders that are of significant consequence to
58 the health of people of the State and that can be treated in
60 a cost-effective manner;

62 B. Ensure that victims of mental and other illnesses have
64 access to and choice of appropriate treatment at the
66 earliest point of illness in the least restrictive settings;

68 C. Ensure that costs of treatment of mental illness are
70 supported through an equitable combination of public and
72 private responsibilities; and

74 D. Ensure that the Legislature reasonably exercises its
76 legal responsibility for insurance policy in this State by

2 prescribing types of illnesses and treatment for which
3 benefits must be provided.

4 **3. Definitions.** For purposes of this section, unless the
5 context otherwise indicates, the following terms have the
6 following meanings.

8 A. "Day treatment services" includes psychoeducational,
9 physiological, psychological and psychosocial concepts,
10 techniques and processes necessary to maintain or develop
11 functional skills of clients, provided to individuals and
12 groups for periods of more than 2 hours but less than 24
13 hours a day.

14 B. "Inpatient services" includes a range of physiological,
15 psychological and other intervention concepts, techniques
16 and processes in a community mental health psychiatric
17 inpatient unit, general hospital psychiatric unit or
18 psychiatric hospital licensed by the Department of Human
19 Services or accredited public hospital to restore
20 psychosocial functioning sufficient to allow maintenance and
21 support of the client in a less restrictive setting.

24 C. "Outpatient services" includes screening, evaluation,
25 consultations, diagnosis and treatment involving use of
26 psychoeducational, physiological, psychological and
27 psychosocial evaluative and interventive concepts,
28 techniques and processes provided to individuals and groups.

30 D. "Person suffering from a mental or nervous condition"
31 means a person whose psychobiological processes are impaired
32 severely enough to manifest problems in the areas of social,
33 psychological or biological functioning. Such a person has a
34 disorder of thought, mood, perception, orientation or memory
35 that impairs judgment, behavior, capacity to recognize or
36 ability to cope with the ordinary demands of life. The
37 person manifests an impaired capacity to maintain acceptable
38 levels of functioning in the areas of intellect, emotion or
39 physical well-being.

40 E. "Provider" means any individual included in Title 24,
41 section 2303, subsection 2 and a licensed physician, an
42 accredited public hospital or psychiatric hospital or a
43 community agency licensed at the comprehensive service level
44 by the Department of Mental Health and Mental Retardation.
45 All agency or institutional providers named in this
46 paragraph shall ensure that services are supervised by a
47 psychiatrist or licensed psychologist.

50 **4. Requirement.** Every health maintenance organization that
51 issues individual or group health care contracts providing
52 coverage for hospital care to residents of this State shall

2 provide benefits as required in this section to any subscriber or
3 other person covered under those contracts for conditions arising
4 from mental illness.

5 5. Services. Each individual or group contract shall
6 provide, at a minimum, the following benefits for a person
7 suffering from a mental or nervous condition:

8 A. Inpatient care;

10 B. Day treatment services; and

12 C. Outpatient services.

14 6. Coverage for treatment of certain mental illnesses.
15 Coverage for medical treatment for mental illnesses listed in
16 paragraph A is subject to this subsection.

18 A. All individual and group contracts must provide, at a
19 minimum, benefits according to paragraph B, subparagraph (1)
20 for a person receiving medical treatment for:

22 (1) Schizophrenia;

24 (2) Bipolar disorder;

26 (3) Pervasive developmental disorder, or autism;

28 (4) Childhood schizophrenia;

30 (5) Psychotic depression, or involuntional melancholia;

32 (6) Paranoia;

34 (7) Panic disorder;

36 (8) Obsessive-compulsive disorder; or

38 (9) Major depressive disorder.

40 B. All policies and certificates must provide benefits that
41 meet the requirements of this paragraph. For purposes of
42 this paragraph, all contracts are deemed renewed no later
43 than the next yearly anniversary of the contract date.

46 (1) The contracts must provide benefits for treatment
47 and diagnosis of mental illnesses under terms and
48 conditions that are no less extensive than benefits
49 provided for any other type of medical treatment for
50 physical illnesses.

2 (2) At the request of reimbursing health maintenance
3 organizations, all providers of medical treatment for
4 mental illness shall furnish data substantiating that
5 initial or continued treatment is medically necessary
6 and appropriate. When making the determination of
7 whether treatment is medically necessary and
8 appropriate, the provider shall use the same criteria
9 for medical treatment for mental illness as for medical
10 treatment for physical illness under the individual or
11 group contract.

12 **7. Contracts; providers.** Subject to approval by the
13 Superintendent of Insurance pursuant to section 4204, a health
14 maintenance organization incorporated under this chapter shall
15 offer contracts to providers authorizing the provision of mental
16 health services within the scope of the provider's licensure.

17 **8. Limits; coinsurance; deductibles.** Any policy or
18 contract that provides coverage for the services required by this
19 section may contain provisions for maximum benefits and
20 coinsurance and reasonable limitations, deductibles and
21 exclusions to the extent that these provisions are not
22 inconsistent with the requirements of this section.

23 **9. Reports to the Superintendent of Insurance.** Every
24 health maintenance organization subject to this section shall
25 report its experience for each calendar year to the
26 superintendent no later than April 30th of the following year.
27 The report must be in a form prescribed by the superintendent and
28 include the amount of claims paid in this State for the services
29 required by this section and the total amount of claims paid in
30 this State for individual and group health care contracts, both
31 separated between those paid for inpatient, day treatment and
32 outpatient services. The superintendent shall compile this data
33 for all health maintenance organizations in an annual report.

34 **10. Application; expiration.** Except as otherwise provided,
35 the requirements of this section apply to all policies and any
36 certificates executed, delivered, issued for delivery, continued
37 or renewed in this State on and after July 1, 1995. For purposes
38 of this section, all contracts are deemed renewed no later than
39 the next yearly anniversary of the contract date.

40 **Emergency clause.** In view of the emergency cited in the
41 preamble, this Act takes effect when approved.

42
43
44 **STATEMENT OF FACT**

45 This is an emergency bill that amends mental illness
46 benefits provisions of group health insurance laws. The bill
47 requires that all group health insurance policies in the State

2 provide coverage for certain mental illnesses at the same level
as coverage for medical treatment for physical illnesses.

4 The bill also requires insurers who offer individual
insurance policies and health maintenance organizations to
6 provide the same benefits for medical treatment for mental
illness as for all group health insurance policies.

8