

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1137 Session of
1997

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FLEAGLE, RUBLEY, COY, TRICH, E. Z. TAYLOR, SERAFINI AND
DeLUCA, APRIL 2, 1997

REFERRED TO COMMITTEE ON INSURANCE, APRIL 2, 1997

AN ACT

1 Requiring all health insurance policies to have certain minimum
2 protections.

3 The General Assembly of the Commonwealth of Pennsylvania
4 hereby enacts as follows:

5 Section 1. Short title.

6 This act shall be known and may be cited as the Mental Health
7 Parity Act.

8 Section 2. Statement of purpose.

9 It is the intent of the General Assembly to extend to all
10 health policies issued in this Commonwealth the protections
11 established in the Health Insurance Portability and
12 Accountability Act of 1996 (Public Law 104-191, 110 Stat. 1936).

13 Section 3. Definitions.

14 The following words and phrases when used in this act shall
15 have the meanings given to them in this section unless the

1 context clearly indicates otherwise:

2 "Insurer." Any insurance company, association or reciprocal,
3 nonprofit hospital plan corporation; a nonprofit professional
4 health service plan; or any of the following:

5 (1) A preferred provider with a health management
6 gatekeeper role for primary care physicians organized and
7 regulated as a health services corporation or preferred
8 provider organization subject to section 630 of the act of
9 May 17, 1921 (P.L.682, No.284), known as The Insurance
10 Company Law of 1921.

11 (2) A risk-assuming preferred provider organization
12 organized and regulated under The Insurance Company Law of
13 1921.

14 (3) A health maintenance organization organized and
15 regulated under the act of December 29, 1972 (P.L.1701,
16 No.364), known as the Health Maintenance Organization Act.

17 (4) A fraternal benefit society subject to the act of
18 December 14, 1992 (P.L.835, No.134), known as the Fraternal
19 Benefit Societies Code.

20 "Commissioner." The Insurance Commissioner of the
21 Commonwealth.

22 "Small employer." A person, firm, corporation, partnership
23 or association that is actively engaged in business, that on at
24 least 50% of its working days during the preceding calendar
25 quarter, employed at least three but no more than 50 full-time
26 employees, the majority of whom were employed within this
27 Commonwealth. In determining the number of full-time employees,
28 companies which are affiliated companies or which are eligible
29 to file a combined tax return for purposes of State taxation
30 shall be considered one employer.

1 Section 4. Parity in application of certain limits to mental
2 health benefits.

3 (a) Aggregate lifetime limits.--In the case of any policy
4 issued by an insurer that provides both medical and surgical
5 benefits and mental health benefits, the following shall apply:

6 (1) If the policy does not include an aggregate lifetime
7 dollar limit on substantially all medical and surgical
8 benefits, the policy shall not impose any aggregate limit on
9 mental health benefits.

10 (2) If the policy does include an aggregate lifetime
11 dollar limit on substantially all medical and surgical
12 benefits, the policy shall either apply the applicable
13 lifetime limit both to medical and surgical benefits to which
14 it otherwise would apply and to mental health benefits and
15 not distinguish in the application of such limit between
16 medical and surgical benefits; or not include any aggregate
17 lifetime limit on mental health benefits that is less than
18 the applicable lifetime limit.

19 (3) If the policy is not one described in paragraphs (1)
20 and (2) and includes no or different aggregate lifetime
21 dollar limits on different categories of medical and surgical
22 benefits, the commissioner shall establish rules under which
23 this section shall apply to such a policy with respect to
24 mental health benefits by substituting for the applicable
25 lifetime limit an average aggregate lifetime limit that is
26 computed, taking into account the weighted average of the
27 aggregate lifetime limits applicable to such categories.

28 (b) Annual limits.--In the case of any policy issued by an
29 insurer that provides both medical and surgical benefits and
30 mental health benefits, the following shall apply:

1 (1) If the policy does not include an annual dollar
2 limit on substantially all medical and surgical benefits, the
3 policy shall not impose any annual limit on mental health
4 benefits.

5 (2) If the policy does include an annual dollar limit on
6 substantially all medical and surgical benefits, the policy
7 shall either apply the applicable annual limit both to
8 medical and surgical benefits to which it otherwise would
9 apply and to mental health benefits and not distinguish in
10 the application of such limit between medical and surgical
11 benefits; or not include any annual limit on mental health
12 benefits that is less than the applicable annual limit.

13 (3) If the policy is not one described in paragraphs (1)
14 and (2) and includes no or different annual dollar limits on
15 different categories of medical and surgical benefits, the
16 commissioner shall establish rules under which this section
17 shall apply to such a policy with respect to mental health
18 benefits by substituting for the applicable annual limit an
19 average annual limit that is computed, taking into account
20 the weighted average of the annual limit applicable to such
21 categories.

22 Section 5. Exemptions.

23 (a) Individuals and small employers.--This act shall not
24 apply to any policy issued to an individual or to a small
25 employer.

26 (b) Increased cost exemption.--This act shall not apply to a
27 policy if the application of the act under the policy would
28 result in an increase in the cost under the policy of at least
29 1%.

30 Section 6. Construction.

1 Nothing in this act shall be construed as requiring a policy
2 to provide any mental health benefits or, in the case of a
3 policy providing such benefits, as affecting the terms and
4 conditions, including cost-sharing, limits on number of visits
5 or days of coverage and requirements relating to medical
6 necessity, relating to the amount, duration or scope of mental
7 health benefits under the policy, except as specifically
8 provided in this act.

9 Section 7. Applicability.

10 This act shall apply to any health insurance policy,
11 contract, certificate or plan that is issued or renewed on or
12 after the effective date of this act.

13 Section 8. Effective date.

14 This act shall take effect in 180 days.