

BILL ANALYSIS

Senate Research Center
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S.B. 1414
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AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

According to a United States Health and Human Services Report, 1999, one-half of all Americans will experience some form of mental illness in their lifetimes. In 2002, 4.3 million Texans had a diagnosable mental health disorder, while 1.5 million suffered from a serious mental illness. A lack of health coverage for mental illness places a burden for care on local taxpayers, emergency rooms, and jails. In 2002, the Texas Department of Mental Health and Mental Retardation was only able to serve 26 percent of eligible children and 38 percent of eligible adults with mental illnesses. An untreated mental illness can cost the state more over time and can take people out of the workforce, potentially creating a strain on state resources.

As proposed, S.B. 1414 requires the same degree of insurance coverage for a mental illness that is currently provided for a physical illness. S.B. 1414 also provides equal coverage for the amount limits, deductibles, co-pays, and co-insurance of a mental disorder under the same terms and conditions as coverage for diagnosis and treatment of physical illness. Further, S.B. 1414 defines "mental disorder" in the same manner as it is defined in the Diagnostic and Statistical Manual of Mental Disorders, Fourth Edition. Parity among health care and physical health care can result in a 30 to 50 percent reduction in total mental health costs. In addition, treating mental illness can save the state millions of dollars annually.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the commissioner of insurance in SECTION 1.01 (Section 1355.007, Insurance Code) of this bill.

SECTION BY SECTION ANALYSIS

ARTICLE 1. AMENDMENTS TO SUBCHAPTER A, CHAPTER 1355, INSURANCE CODE

SECTION 1.01. Amends Subchapter A, Chapter 1355, Insurance Code, as effective April 1, 2005, as follows:

SUBCHAPTER A. New heading: HEALTH BENEFIT PLAN COVERAGE FOR CERTAIN MENTAL DISORDERS

Sec. 1355.001. DEFINITIONS. Defines "mental disorder." Deletes existing definitions of "serious mental illness" and "small employer."

Sec. 1355.002. APPLICABILITY OF SUBCHAPTER. (a) Creates this subsection from existing text. Provides that this subchapter applies only to a health benefit plan, rather than a group health benefit plan, that provides benefits for medical or surgical expenses incurred as a result of a health condition, accident, or sickness, including an individual group, blanket, or franchise insurance policy or insurance agreement, a group hospital service contract, an individual or group evidence of coverage, or a similar coverage document that is offered by certain entities, including a reciprocal exchange, a Lloyd's plan, an approved nonprofit health corporation that holds a certificate of authority under Chapter 844 (Certification of Certain Nonprofit Health Corporations), and a multiple employer welfare arrangement that holds a certificate of authority under Chapter 846 (Multiple Employer Welfare Arrangements). Deletes existing text relating to plans permitted under the Employee Retirement Income Security Act of 1974. Makes nonsubstantive changes.

(b) Provides that this subchapter applies to a small employer health benefit plan written under Chapter 1501 (Health Insurance Portability and Availability Act).

Sec. 1355.003. EXCEPTION. Provides that this subchapter does not apply to a plan that provides certain, limited coverage, a Medicare supplemental policy, a workers' compensation insurance policy, medical payment insurance coverage provided under an automobile insurance policy, a credit insurance policy, or a long-term care insurance policy. Deletes existing text relating to prior exemptions. Deletes definition of "serious mental illness."

Sec. 1355.004. New heading: REQUIRED COVERAGE. Requires a health benefit plan to provide coverage for the diagnosis and treatment of a mental disorder, under the same terms and conditions as coverage for the diagnosis and treatment of physical illness. Deletes existing text relating to required coverage for serious mental illnesses.

Sec. 1355.005. New heading: COVERAGE OF INPATIENT STAYS AND OUTPATIENT VISITS. Requires a health benefit plan to cover inpatient stays and outpatient visits under this subchapter under the same terms and conditions as the plan covers inpatient stays and outpatient visits for treatment of physical illness. Deletes existing text authorizing a group health benefit plan issuer to provide or offer coverage through a managed care plan.

Sec. 1355.006. New heading: AMOUNT LIMITS; DEDUCTIBLES; COPAYMENTS; COINSURANCE. Requires coverage provided under this subchapter to be subject to the same amount limits, deductibles, copayments, and coinsurance factors as coverage for physical illness. Deletes existing text pertaining to coverage for certain conditions related to controlled substances or marihuana.

Sec. 1355.007. New heading: RULES. Requires the commissioner of insurance to adopt rules as necessary to implement this article. Deletes existing text relating to small employer coverage.

ARTICLE 2. CONFORMING AMENDMENTS.

SECTION 2.01. Amends Section 1355.151, Insurance Code, as effective April 1, 2005, to make conforming changes.

SECTION 2.02. Amends Section 1551.003, Insurance Code, by adding Subsection (10-a), to define "mental disorder."

SECTION 2.03. Amends Section 1551.205, Insurance Code, to make a conforming change.

SECTION 2.04. Amends Section 1601.109, Insurance Code, to make conforming changes.

SECTION 2.05. Amends Section 3(b), Article 3.80, Insurance Code, to redefine "state-mandated health benefits."

SECTION 2.06. Amends Subsection (d), Article 20A.09N, Insurance Code, to redefine "state-mandated health benefits."

SECTION 2.07. Repealer: Section 1551.003(12) (defines "serious mental illness"), Insurance Code.

ARTICLE 3. TRANSITION; EFFECTIVE DATE

SECTION 3.01. Makes application of this Act prospective to January 1, 2006.

SECTION 3.02. Provides that, to the extent of any conflict, this Act prevails over another Act of the 79th Legislature, Regular Session, 2005, relating to nonsubstantive additions to and corrections in enacted codes (the General Code Update bill).

SECTION 3.03. Effective date: September 1, 2005.