

104TH CONGRESS
2D SESSION

S. 2031

To provide health plan protections for individuals with a mental illness.

IN THE SENATE OF THE UNITED STATES

AUGUST 2, 1996

Mr. DOMENICI (for himself, Mr. WELLSTONE, Mr. SIMPSON, Mr. CONRAD, Mr. WARNER, Mr. SPECTER, Mr. REID, Mr. DODD, Mr. GRASSLEY, Mrs. KASSEBAUM, Mr. KENNEDY, Mr. BURNS, Mr. HARKIN, and Mr. MOYNIHAN) introduced the following bill; which was read twice and referred to the Committee on Labor and Human Resources

A BILL

To provide health plan protections for individuals with a mental illness.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Mental Health Parity
5 Act of 1996”.

6 **SEC. 2. PLAN PROTECTIONS FOR INDIVIDUALS WITH A**
7 **MENTAL ILLNESS.**

8 (a) PERMISSIBLE COVERAGE LIMITS UNDER A
9 GROUP HEALTH PLAN.—

1 (1) AGGREGATE LIFETIME LIMITS.—

2 (A) IN GENERAL.—With respect to a
3 group health plan offered by a health insurance
4 issuer, that applies an aggregate lifetime limit
5 to plan payments for medical or surgical serv-
6 ices covered under the plan, if such plan also
7 provides a mental health benefit such plan
8 shall—

9 (i) include plan payments made for
10 mental health services under the plan in
11 such aggregate lifetime limit; or

12 (ii) establish a separate aggregate life-
13 time limit applicable to plan payments for
14 mental health services under which the dol-
15 lar amount of such limit (with respect to
16 mental health services) is equal to or
17 greater than the dollar amount of the ag-
18 gregate lifetime limit on plan payments for
19 medical or surgical services.

20 (B) NO LIFETIME LIMIT.—With respect to
21 a group health plan offered by a health insur-
22 ance issuer, that does not apply an aggregate
23 lifetime limit to plan payments for medical or
24 surgical services covered under the plan, such
25 plan may not apply an aggregate lifetime limit

1 to plan payments for mental health services
2 covered under the plan.

3 (2) ANNUAL LIMITS.—

4 (A) IN GENERAL.—With respect to a
5 group health plan offered by a health insurance
6 issuer, that applies an annual limit to plan pay-
7 ments for medical or surgical services covered
8 under the plan, if such plan also provides a
9 mental health benefit such plan shall—

10 (i) include plan payments made for
11 mental health services under the plan in
12 such annual limit; or

13 (ii) establish a separate annual limit
14 applicable to plan payments for mental
15 health services under which the dollar
16 amount of such limit (with respect to men-
17 tal health services) is equal to or greater
18 than the dollar amount of the annual limit
19 on plan payments for medical or surgical
20 services.

21 (B) NO ANNUAL LIMIT.—With respect to a
22 group health plan offered by a health insurance
23 issuer, that does not apply an annual limit to
24 plan payments for medical or surgical services
25 covered under the plan, such plan may not

1 apply an annual limit to plan payments for
2 mental health services covered under the plan.

3 (b) RULE OF CONSTRUCTION.—

4 (1) IN GENERAL.—Nothing in this section shall
5 be construed as prohibiting a group health plan of-
6 fered by a health insurance issuer, from—

7 (A) utilizing other forms of cost contain-
8 ment not prohibited under subsection (a); or

9 (B) applying requirements that make dis-
10 tinctions between acute care and chronic care.

11 (2) NONAPPLICABILITY.—This section shall not
12 apply to—

13 (A) substance abuse or chemical depend-
14 ency benefits; or

15 (B) health benefits or health plans paid for
16 under title XVIII or XIX of the Social Security
17 Act.

18 (c) SMALL EMPLOYER EXEMPTION.—

19 (1) IN GENERAL.—This section shall not apply
20 to plans maintained by employers that employ less
21 than 26 employees.

22 (2) APPLICATION OF CERTAIN RULES IN DE-
23 TERMINATION OF EMPLOYER SIZE.—For purposes of
24 this subsection—

1 (A) APPLICATION OF AGGREGATION RULE
2 FOR EMPLOYERS.—All persons treated as a sin-
3 gle employer under subsection (b), (c), (m), or
4 (o) of section 414 of the Internal Revenue Code
5 of 1986 shall be treated as 1 employer.

6 (B) EMPLOYERS NOT IN EXISTENCE IN
7 PRECEDING YEAR.—In the case of an employer
8 which was not in existence throughout the pre-
9 ceeding calendar year, the determination of
10 whether such employer is a small employer shall
11 be based on the average number of employees
12 that it is reasonably expected such employer
13 will employ on business days in the current cal-
14 endar year.

15 (C) PREDECESSORS.—Any reference in
16 this subsection to an employer shall include a
17 reference to any predecessor of such employer.

18 **SEC. 3. DEFINITIONS.**

19 For purposes of this Act:

20 (1) GROUP HEALTH PLAN.—

21 (A) IN GENERAL.—The term “group
22 health plan” means an employee welfare benefit
23 plan (as defined in section 3(1) of the Em-
24 ployee Retirement Income Security Act of
25 1974) to the extent that the plan provides med-

1 ical care (as defined in paragraph (2)) and in-
2 cluding items and services paid for as medical
3 care) to employees or their dependents (as de-
4 fined under the terms of the plan) directly or
5 through insurance, reimbursement, or other-
6 wise.

7 (B) MEDICAL CARE.—The term “medical
8 care” means amounts paid for—

9 (i) the diagnosis, cure, mitigation,
10 treatment, or prevention of disease, or
11 amounts paid for the purpose of affecting
12 any structure or function of the body,

13 (ii) amounts paid for transportation
14 primarily for and essential to medical care
15 referred to in clause (i), and

16 (iii) amounts paid for insurance cover-
17 ing medical care referred to in clauses (i)
18 and (ii).

19 (2) HEALTH INSURANCE COVERAGE.—The term
20 “health insurance coverage” means benefits consist-
21 ing of medical care (provided directly, through insur-
22 ance or reimbursement, or otherwise and including
23 items and services paid for as medical care) under
24 any hospital or medical service policy or certificate,
25 hospital or medical service plan contract, or health

1 maintenance organization contract offered by a
2 health insurance issuer.

3 (3) HEALTH INSURANCE ISSUER.—The term
4 “health insurance issuer” means an insurance com-
5 pany, insurance service, or insurance organization
6 (including a health maintenance organization, as de-
7 fined in paragraph (4)) which is licensed to engage
8 in the business of insurance in a State and which is
9 subject to State law which regulates insurance (with-
10 in the meaning of section 514(b)(2) of the Employee
11 Retirement Income Security Act of 1974). Such
12 term does not include a group health plan.

13 (4) HEALTH MAINTENANCE ORGANIZATION.—
14 The term “health maintenance organization”
15 means—

16 (A) a federally qualified health mainte-
17 nance organization (as defined in section
18 1301(a) of the Public Health Service Act),

19 (B) an organization recognized under State
20 law as a health maintenance organization, or

21 (C) a similar organization regulated under
22 State law for solvency in the same manner and
23 to the same extent as such a health mainte-
24 nance organization.

1 (5) STATE.—The term “State” means each of
2 the several States, the District of Columbia, Puerto
3 Rico, the Virgin Islands, Guam, American Samoa,
4 and the Northern Mariana Islands.

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