

108TH CONGRESS
1ST SESSION

H. R. 953

To provide for equal coverage of mental health benefits with respect to health insurance coverage unless comparable limitations are imposed on medical and surgical benefits.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 27, 2003

Mr. KENNEDY of Rhode Island (for himself, Mr. RAMSTAD, Mr. SMITH of New Jersey, Mr. STARK, Mr. MURTHA, Mr. LANGEVIN, Mr. SERRANO, Mr. ABERCROMBIE, Mr. GEORGE MILLER of California, Mrs. NAPOLITANO, Ms. JACKSON-LEE of Texas, Mr. ANDREWS, Mr. BECERRA, Ms. BERKLEY, Ms. CARSON of Indiana, Mr. FARR, Mr. FATTAH, Mr. GREEN of Texas, Mr. GUTIERREZ, Mr. HOLDEN, Mr. LARSON of Connecticut, Ms. LEE, Mrs. MALONEY, Mr. MATSUI, Mr. MEEHAN, Mr. MENENDEZ, Mr. MOLLOHAN, Mr. MORAN of Virginia, Ms. NORTON, Mr. PALLONE, Ms. PELOSI, Mr. UDALL of New Mexico, Mr. WEINER, Mr. BISHOP of New York, Mr. CAPUANO, Mr. HOLT, Mr. McDERMOTT, Mr. OWENS, Mr. STRICKLAND, Mr. BALLANCE, Mr. COSTELLO, Mr. GARY G. MILLER of California, Mr. RYAN of Ohio, Ms. WOOLSEY, Mr. LEVIN, Mr. CARDIN, Mr. CASE, Mrs. CHRISTENSEN, Mr. EMANUEL, Mr. ENGLISH, Mr. FOLEY, Mr. FRELINGHUYSEN, Mr. GILCHREST, Mr. HOEFFEL, Mr. HONDA, Mr. INSLEE, Mr. KIND, Mr. LATOURETTE, Mr. LEACH, Mr. McNULTY, Mr. OBERSTAR, Mr. OLVER, Mr. RANGEL, Ms. SCHAKOWSKY, Mr. SCHIFF, Mr. WAXMAN, Mr. WYNN, Mr. DeFAZIO, Ms. DeLAURO, Mr. DOGGETT, Mr. FROST, Mrs. JONES of Ohio, Mr. KILDEE, Mr. KLECZKA, Mrs. MCCARTHY of New York, Mr. MCHUGH, Mr. NADLER, Mr. PASTOR, Mr. SCOTT of Virginia, Mr. SKELTON, Mr. TIERNEY, Mr. VAN HOLLEN, Mr. ACKERMAN, Mr. BLUMENAUER, Mr. BRADY of Pennsylvania, Ms. DEGETTE, Mr. DICKS, Mr. DINGELL, Mr. LOBIONDO, Ms. MCCOLLUM, Ms. ROYBAL-ALLARD, Mr. SANDERS, Mr. SHAYS, Ms. SOLIS, Mr. BERRY, Ms. BORDALLO, Mr. BROWN of Ohio, Mr. DELAHUNT, Mr. GREENWOOD, Mr. GRIJALVA, Mr. PASCRELL, Mr. PLATTS, Mr. QUINN, Mr. SAXTON, Mr. SIMMONS, Mrs. TAUSCHER, Mr. DOYLE, Mr. FORD, Mr. HINCHEY, Mr. RODRIGUEZ, Mr. VISCLOSKEY, Mr. BURNS, Mr. DEUTSCH, Mr. ENGEL, Mr. ETHERIDGE, Ms. KILPATRICK, Mr. ROTHMAN, Mr. ALLEN, Mr. DAVIS of Florida, Mr. FALCOMAVAEGA, Mr. NORWOOD, Mr. TOWNS, Mr. BACA, Mr. CARSON of Oklahoma, Mr. PAYNE, Mr. PRICE of North Carolina, Mr. THOMPSON of California, Ms. WATSON, Mr. BERMAN, Mr. COOPER, Mr. DAVIS of Illinois, Mr. DAVIS

1 **“SEC. 712. MENTAL HEALTH PARITY.**

2 “(a) IN GENERAL.—In the case of a group health
3 plan (or health insurance coverage offered in connection
4 with such a plan) that provides both medical and surgical
5 benefits and mental health benefits, such plan or coverage
6 shall not impose any treatment limitations or financial re-
7 quirements with respect to the coverage of benefits for
8 mental illnesses unless comparable treatment limitations
9 or financial requirements are imposed on medical and sur-
10 gical benefits.

11 “(b) CONSTRUCTION.—

12 “(1) IN GENERAL.—Nothing in this section
13 shall be construed as requiring a group health plan
14 (or health insurance coverage offered in connection
15 with such a plan) to provide any mental health bene-
16 fits.

17 “(2) MEDICAL MANAGEMENT OF MENTAL
18 HEALTH BENEFITS.—Consistent with subsection (a),
19 nothing in this section shall be construed to prevent
20 the medical management of mental health benefits,
21 including through concurrent and retrospective utili-
22 zation review and utilization management practices,
23 preauthorization, and the application of medical ne-
24 cessity and appropriateness criteria applicable to be-
25 havioral health and the contracting and use of a net-
26 work of participating providers.

1 “(3) NO REQUIREMENT OF SPECIFIC SERV-
2 ICES.—Nothing in this section shall be construed as
3 requiring a group health plan (or health insurance
4 coverage offered in connection with such a plan) to
5 provide coverage for specific mental health services,
6 except to the extent that the failure to cover such
7 services would result in a disparity between the cov-
8 erage of mental health and medical and surgical
9 benefits.

10 “(c) SMALL EMPLOYER EXEMPTION.—

11 “(1) IN GENERAL.—This section shall not apply
12 to any group health plan (and group health insur-
13 ance coverage offered in connection with a group
14 health plan) for any plan year of any employer who
15 employed an average of at least 2 but not more than
16 50 employees on business days during the preceding
17 calendar year.

18 “(2) APPLICATION OF CERTAIN RULES IN DE-
19 TERMINATION OF EMPLOYER SIZE.—For purposes of
20 this subsection—

21 “(A) APPLICATION OF AGGREGATION RULE
22 FOR EMPLOYERS.—Rules similar to the rules
23 under subsections (b), (c), (m), and (o) of sec-
24 tion 414 of the Internal Revenue Code of 1986

1 shall apply for purposes of treating persons as
2 a single employer.

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

12 “(C) PREDECESSORS.—Any reference in
13 this paragraph to an employer shall include a
14 reference to any predecessor of such employer.

15 “(d) SEPARATE APPLICATION TO EACH OPTION OF-
16 FERED.—In the case of a group health plan that offers
17 a participant or beneficiary two or more benefit package
18 options under the plan, the requirements of this section
19 shall be applied separately with respect to each such op-
20 tion.

21 “(e) IN-NETWORK AND OUT-OF-NETWORK
22 RULES.—In the case of a plan or coverage option that
23 provides in-network mental health benefits, out-of-network
24 mental health benefits may be provided using treatment
25 limitations or financial requirements that are not com-

1 parable to the limitations and requirements applied to
2 medical and surgical benefits if the plan or coverage pro-
3 vides such in-network mental health benefits in accordance
4 with subsection (a) and provides reasonable access to in-
5 network providers and facilities.

6 “(f) DEFINITIONS.—For purposes of this section—

7 “(1) FINANCIAL REQUIREMENTS.—The term
8 ‘financial requirements’ includes deductibles, coin-
9 surance, co-payments, other cost sharing, and limita-
10 tions on the total amount that may be paid by a
11 participant or beneficiary with respect to benefits
12 under the plan or health insurance coverage and
13 shall include the application of annual and lifetime
14 limits.

15 “(2) MEDICAL OR SURGICAL BENEFITS.—The
16 term ‘medical or surgical benefits’ means benefits
17 with respect to medical or surgical services, as de-
18 fined under the terms of the plan or coverage (as the
19 case may be), but does not include mental health
20 benefits.

21 “(3) MENTAL HEALTH BENEFITS.—The term
22 ‘mental health benefits’ means benefits with respect
23 to services, as defined under the terms and condi-
24 tions of the plan or coverage (as the case may be),
25 for all categories of mental health conditions listed

1 in the Diagnostic and Statistical Manual of Mental
2 Disorders, Fourth Edition (DSM IV–TR), or the
3 most recent edition if different than the Fourth Edi-
4 tion, if such services are included as part of an au-
5 thorized treatment plan that is in accordance with
6 standard protocols and such services meet the plan
7 or issuer’s medical necessity criteria. Such term does
8 not include benefits with respect to the treatment of
9 substance abuse or chemical dependency.

10 “(4) TREATMENT LIMITATIONS.—The term
11 ‘treatment limitations’ means limitations on the fre-
12 quency of treatment, number of visits or days of cov-
13 erage, or other similar limits on the duration or
14 scope of treatment under the plan or coverage.”.

15 (b) CLERICAL AMENDMENT.—The table of contents
16 in section 1 of such Act is amended by striking the item
17 relating to section 712 and inserting the following new
18 item:

“Sec. 712. Mental health parity.”.

19 (c) EFFECTIVE DATE.—The amendments made by
20 this section shall apply with respect to plan years begin-
21 ning on or after January 1, 2004.

1 **SEC. 3. AMENDMENT TO THE PUBLIC HEALTH SERVICE ACT**
2 **RELATING TO THE GROUP MARKET.**

3 (a) IN GENERAL.—Section 2705 of the Public Health
4 Service Act (42 U.S.C. 300gg–5) is amended to read as
5 follows:

6 **“SEC. 2705. MENTAL HEALTH PARITY.**

7 “(a) IN GENERAL.—In the case of a group health
8 plan (or health insurance coverage offered in connection
9 with such a plan) that provides both medical and surgical
10 benefits and mental health benefits, such plan or coverage
11 shall not impose any treatment limitations or financial re-
12 quirements with respect to the coverage of benefits for
13 mental illnesses unless comparable treatment limitations
14 or financial requirements are imposed on medical and sur-
15 gical benefits.

16 “(b) CONSTRUCTION.—

17 “(1) IN GENERAL.—Nothing in this section
18 shall be construed as requiring a group health plan
19 (or health insurance coverage offered in connection
20 with such a plan) to provide any mental health bene-
21 fits.

22 “(2) MEDICAL MANAGEMENT OF MENTAL
23 HEALTH BENEFITS.—Consistent with subsection (a),
24 nothing in this section shall be construed to prevent
25 the medical management of mental health benefits,
26 including through concurrent and retrospective utili-

1 zation review and utilization management practices,
2 preauthorization, and the application of medical ne-
3 cessity and appropriateness criteria applicable to be-
4 havioral health and the contracting and use of a net-
5 work of participating providers.

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7 ICES.—Nothing in this section shall be construed as
8 requiring a group health plan (or health insurance
9 coverage offered in connection with such a plan) to
10 provide coverage for specific mental health services,
11 except to the extent that the failure to cover such
12 services would result in a disparity between the cov-
13 erage of mental health and medical and surgical
14 benefits.

15 “(c) SMALL EMPLOYER EXEMPTION.—

16 “(1) IN GENERAL.—This section shall not apply
17 to any group health plan (and group health insur-
18 ance coverage offered in connection with a group
19 health plan) for any plan year of any employer who
20 employed an average of at least 2 but not more than
21 50 employees on business days during the preceding
22 calendar year.

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

1 “(A) APPLICATION OF AGGREGATION RULE
2 FOR EMPLOYERS.—Rules similar to the rules
3 under subsections (b), (c), (m), and (o) of sec-
4 tion 414 of the Internal Revenue Code of 1986
5 shall apply for purposes of treating persons as
6 a single employer.

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

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

19 “(d) SEPARATE APPLICATION TO EACH OPTION OF-
20 FERED.—In the case of a group health plan that offers
21 a participant or beneficiary two or more benefit package
22 options under the plan, the requirements of this section
23 shall be applied separately with respect to each such op-
24 tion.

1 “(e) IN-NETWORK AND OUT-OF-NETWORK
2 RULES.—In the case of a plan or coverage option that
3 provides in-network mental health benefits, out-of-network
4 mental health benefits may be provided using treatment
5 limitations or financial requirements that are not com-
6 parable to the limitations and requirements applied to
7 medical and surgical benefits if the plan or coverage pro-
8 vides such in-network mental health benefits in accordance
9 with subsection (a) and provides reasonable access to in-
10 network providers and facilities.

11 “(f) DEFINITIONS.—For purposes of this section—

12 “(1) FINANCIAL REQUIREMENTS.—The term
13 ‘financial requirements’ includes deductibles, coin-
14 surance, co-payments, other cost sharing, and limita-
15 tions on the total amount that may be paid by a
16 participant, beneficiary or enrollee with respect to
17 benefits under the plan or health insurance coverage
18 and shall include the application of annual and life-
19 time limits.

20 “(2) MEDICAL OR SURGICAL BENEFITS.—The
21 term ‘medical or surgical benefits’ means benefits
22 with respect to medical or surgical services, as de-
23 fined under the terms of the plan or coverage (as the
24 case may be), but does not include mental health
25 benefits.

1 “(3) MENTAL HEALTH BENEFITS.—The term
2 ‘mental health benefits’ means benefits with respect
3 to services, as defined under the terms and condi-
4 tions of the plan or coverage (as the case may be),
5 for all categories of mental health conditions listed
6 in the Diagnostic and Statistical Manual of Mental
7 Disorders, Fourth Edition (DSM IV–TR), or the
8 most recent edition if different than the Fourth Edi-
9 tion, if such services are included as part of an au-
10 thorized treatment plan that is in accordance with
11 standard protocols and such services meet the plan
12 or issuer’s medical necessity criteria. Such term does
13 not include benefits with respect to the treatment of
14 substance abuse or chemical dependency.

15 “(4) TREATMENT LIMITATIONS.—The term
16 ‘treatment limitations’ means limitations on the fre-
17 quency of treatment, number of visits or days of cov-
18 erage, or other similar limits on the duration or
19 scope of treatment under the plan or coverage.”.

20 (b) EFFECTIVE DATE.—The amendment made by
21 this section shall apply with respect to plan years begin-
22 ning on or after January 1, 2004.

23 **SEC. 4. PREEMPTION.**

24 Nothing in the amendments made by this Act shall
25 be construed to preempt any provision of State law, with

1 respect to health insurance coverage offered by a health
2 insurance issuer in connection with a group health plan,
3 that provides protections to enrollees that are greater than
4 the protections provided under such amendments. Nothing
5 in the amendments made by this Act shall be construed
6 to affect or modify section 514 of the Employee Retirement
7 Income Security Act of 1974 (29 U.S.C. 1144).

8 **SEC. 5. GENERAL ACCOUNTING OFFICE STUDY.**

9 (a) STUDY.—The Comptroller General shall conduct
10 a study that evaluates the effect of the implementation
11 of the amendments made by this Act on the cost of health
12 insurance coverage, access to health insurance coverage
13 (including the availability of in-network providers), the
14 quality of health care, and other issues as determined ap-
15 propriate by the Comptroller General. Such study also
16 shall include an estimation of the costs of extending the
17 provisions of such amendments to treatment of substance
18 abuse and chemical dependency.

19 (b) REPORT.—Not later than 2 years after the date
20 of enactment of this Act, the Comptroller General shall
21 prepare and submit to the appropriate committees of Con-
22 gress a report containing the results of the study con-
23 ducted under subsection (a).

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