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GEORGE H. RYAN
GOVERNOR

July 27, 2001

To the Honorable Members of the
Illinois Senate
92nd General Assembly

This nation has come a long way towards recognizing that mental illness can be diagnosed and treated in much the same way as other physical diseases. There was a time when this was not the case. Today, there is less of a stigma attached to mental illness than ever before and for that we should all be thankful.

Senate Bill 1341 is one of the more complicated bills passed during the Spring legislative session as it blends issues of fairness for individuals with mental illness with the broader issue of the cost of health care. Currently, in Illinois, we are searching for ways to lower the number of uninsured citizens. In most cases people go without coverage because either they can not afford the premiums or their employer can not afford to offer health insurance.

In the United States there is no mandate that individuals purchase health insurance. While most people who do have health coverage obtain this from their employer there is no requirement that employers offer health insurance to their employees. If an employer does offer health insurance, there are no requirements on how much they can or should ask individual employees to pay.

If a particular employer is large enough, and they offer health benefits, they most likely will do this through an "ERISA" program, a self-insurance mechanism that is subject to minimal federal guidelines and completely free of state regulation. Persons who work for a smaller employer will most likely purchase insurance products from an insurance company that is regulated by the Department of Insurance.

Currently, under federal law, all health insurance products that are sold to groups must have mental health coverage **offered** as an option—but the group does not have to make that purchase. In the past few years mental health advocates have worked hard around the country for state legislation that would require that mental health coverage be mandated at exactly the same levels of coverage as other physical illnesses.

Opposition to these proposals is partly because ERISA exempt programs cover the majority of insured citizens in Illinois. It is thought to be discriminatory to force people who purchase coverage from a state regulated entity to pay for something that is not required of everyone else. This problem is exaggerated as individuals and small groups pay more for health care coverage.

In an attempt to address these issues the mental health advocates and sponsors of SB 1341 have produced a bill that is greatly watered down from past legislative efforts. This bill would not apply to businesses with fewer than 50 employees, the provisions of this bill would sunset at the end of 2005, and before the sunset date the Department of Insurance must study the cost and effectiveness of this law.

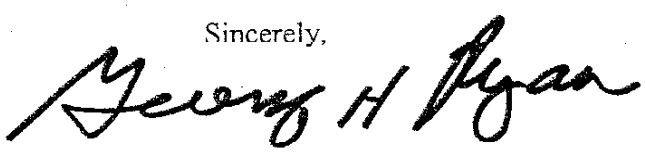
Senate Bill 1341 will allow the public to grow more accustomed to accepting mental health coverage as a part of a solid, comprehensive health insurance package. Senate Bill 1341 allows medium and large businesses to move slowly so as not to be alarmed by the potential cost increases of this new coverage. And Senate Bill 1341 requires careful study of these costs so that future decisions on this issue can be based on facts and not anecdotes.

I have concerns about this study which, per Section 1405-30, must be conducted by the Department of Insurance. There was no companion appropriation for the Department. The charge to the Department seems a little vague. For example, they must analyze "...any improvements in care of patients..." a difficult topic for anyone to evaluate, let alone an agency whose historic mission is the regulation of insurance companies.

Maintenance of confidentiality is not specifically addressed in this legislation. I will ask the Department to work with experts in the field to make sure that confidentiality is maintained at all times. I will also make sure that the Department works with the appropriate outside groups as they proceed with all aspects of this study.

With the above stated concerns clearly expressed, I am signing Senate Bill 1341 into law while urging the many parties interested in this difficult issue to work together in the years ahead. If everyone cooperates there is genuine hope that progress can be made to improve treatment for mental illness.

Sincerely,



GEORGE H. RYAN
Governor

AN ACT in relation to insurance.

Be it enacted by the People of the State of Illinois, represented in the General Assembly:

Section 5. The Department of Insurance Law of the Civil Administrative Code of Illinois is amended by adding Section 1405-30 as follows:

(20 ILCS 1405/1405-30)

Sec. 1405-30. Mental health insurance study.

(a) The Department of Insurance shall conduct an analysis and study of costs and benefits derived from the implementation of the coverage requirements for treatment of mental disorders established under Section 370c of the Illinois Insurance Code. The study shall cover the years 2002, 2003, and 2004. The study shall include an analysis of the effect of the coverage requirements on the cost of insurance and health care, the results of the treatments to patients, any improvements in care of patients, and any improvements in the quality of life of patients.

(b) The Department shall report the results of its study to the General Assembly and the Governor on or before March 1, 2005.

Section 10. The Illinois Insurance Code is amended by changing Section 370c as follows:

(215 ILCS 5/370c) (from Ch. 73, par. 982c)

Sec. 370c. Mental and emotional disorders.

(a) (1) On and after the effective date of this Section, every insurer which delivers, issues for delivery or renews or modifies group A&H policies providing coverage for hospital or medical treatment or services for illness on an

Originated in the Senate

Secretary of the Senate

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expense-incurred basis shall offer to the applicant or group policyholder subject to the insurers standards of insurability, coverage for reasonable and necessary treatment and services for mental, emotional or nervous disorders or conditions, other than serious mental illnesses as defined in item (2) of subsection (b), up to the limits provided in the policy for other disorders or conditions, except (i) the insured may be required to pay up to 50% of expenses incurred as a result of the treatment or services, and (ii) the annual benefit limit may be limited to the lesser of $10,000 or 25% of the lifetime policy limit.

(2) Each insured that is covered for mental, emotional or nervous disorders or conditions shall be free to select the physician licensed to practice medicine in all its branches, licensed clinical psychologist, or licensed clinical social worker of his choice to treat such disorders, and the insurer shall pay the covered charges of such physician licensed to practice medicine in all its branches, licensed clinical psychologist, or licensed clinical social worker up to the limits of coverage, provided (i) the disorder or condition treated is covered by the policy, and (ii) the physician, licensed psychologist, or licensed clinical social worker is authorized to provide said services under the statutes of this State and in accordance with accepted principles of his profession.

(3) Insofar as this Section applies solely to licensed clinical social workers, those persons who may provide services to individuals shall do so after the licensed clinical social worker has informed the patient of the desirability of the patient conferring with the patient's primary care physician and the licensed clinical social worker has provided written notification to the patient's primary care physician, if any, that services are being provided to the patient. That notification may, however, be

waived by the patient on a written form. Those forms shall be retained by the licensed clinical social worker for a period of not less than 5 years.

(b) (1) An insurer that provides coverage for hospital or medical expenses under a group policy of accident and health insurance or health care plan amended, delivered, issued, or renewed after the effective date of this amendatory Act of the 92nd General Assembly shall provide coverage under the policy for treatment of serious mental illness under the same terms and conditions as coverage for hospital or medical expenses related to other illnesses and diseases. The coverage required under this Section must provide for same durational limits, amount limits, deductibles, and co-insurance requirements for serious mental illness as are provided for other illnesses and diseases. This subsection does not apply to coverage provided to employees by employers who have 50 or fewer employees.

(2) "Serious mental illness" means the following psychiatric illnesses as defined in the most current edition of the Diagnostic and Statistical Manual (DSM) published by the American Psychiatric Association:

(A) schizophrenia;

(B) paranoid and other psychotic disorders;

(C) bipolar disorders (hypomanic, manic, depressive, and mixed);

(D) major depressive disorders (single episode or recurrent);

(E) schizoaffective disorders (bipolar or depressive);

(F) pervasive developmental disorders;

(G) obsessive-compulsive disorders;

(H) depression in childhood and adolescence; and

(I) panic disorder.

(3) Upon request of the reimbursing insurer, a provider

of treatment of serious mental illness shall furnish medical records or other necessary data that substantiate that initial or continued treatment is at all times medically necessary. An insurer shall provide a mechanism for the timely review by a provider holding the same license and practicing in the same specialty as the patient's provider, who is unaffiliated with the insurer, jointly selected by the patient (or the patient's next of kin or legal representative if the patient is unable to act for himself or herself), the patient's provider, and the insurer in the event of a dispute between the insurer and patient's provider regarding the medical necessity of a treatment proposed by a patient's provider. If the reviewing provider determines the treatment to be medically necessary, the insurer shall provide reimbursement for the treatment. Future contractual or employment actions by the insurer regarding the patient's provider may not be based on the provider's participation in this procedure. Nothing prevents the insured from agreeing in writing to continue treatment at his or her expense. When making a determination of the medical necessity for a treatment modality for serous mental illness, an insurer must make the determination in a manner that is consistent with the manner used to make that determination with respect to other diseases or illnesses covered under the policy, including an appeals process.

(4) A group health benefit plan:

(A) shall provide coverage based upon medical necessity for the following treatment of mental illness in each calendar year;

(i) 45 days of inpatient treatment; and

(ii) 35 visits for outpatient treatment including group and individual outpatient treatment;

(B) may not include a lifetime limit on the number of days of inpatient treatment or the number of

outpatient visits covered under the plan; and

(C) shall include the same amount limits, deductibles, copayments, and coinsurance factors for serious mental illness as for physical illness.

(5) An issuer of a group health benefit plan may not count toward the number of outpatient visits required to be covered under this Section an outpatient visit for the purpose of medication management and shall cover the outpatient visits under the same terms and conditions as it covers outpatient visits for the treatment of physical illness.

(6) An issuer of a group health benefit plan may provide or offer coverage required under this Section through a managed care plan.

(7) This Section shall not be interpreted to require a group health benefit plan to provide coverage for treatment of:

(A) an addiction to a controlled substance or cannabis that is used in violation of law; or

(B) mental illness resulting from the use of a controlled substance or cannabis in violation of law.

(8) This subsection (b) is inoperative after December 31, 2005.

(Source: P.A. 86-1434.)

Section 99. Effective date. This Act takes effect January 1, 2002.

President of the Senate

APPROVED

this 27th day of July, 20 01 A.D.

Michael J. Madigan
Speaker, House of Representatives

George H Ryan
GOVERNOR