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## **OLR Bill Analysis**

**sHB 7125 (as amended by House "A")\***

### ***AN ACT CONCERNING MENTAL HEALTH AND SUBSTANCE USE DISORDER BENEFITS.***

#### **SUMMARY**

This bill prohibits certain health insurance policies from:

1. applying nonquantitative treatment limitations (i.e., non-numeric limits on the scope or duration of coverage) to mental health and substance use disorder benefits unless the policy applies the limitations comparably to, and not more stringently than, how it applies them to medical and surgical benefits (§§ 2 & 3) and
2. denying coverage for substance abuse services and prescribed treatment drugs solely because the services were provided under a court order (§§ 4 & 5).

These provisions apply to individual and group health insurance policies delivered, issued, renewed, amended, or continued in Connecticut on or after January 1, 2020, that cover (1) basic hospital expenses; (2) basic medical-surgical expenses; (3) major medical expenses; or (4) hospital or medical services, including those provided under an HMO plan.

The bill also requires health carriers (e.g., insurers) to report, annually by March 1, 2021, information to the insurance commissioner that demonstrates, among other things, their compliance with state and federal mental health parity laws.

Starting May 15, 2021, the bill allows the Insurance and Real Estate Committee to annually hold a public hearing about these reports. If it does so, the insurance commissioner or his designee must attend.

\*House Amendment "A" removes provisions in the underlying bill that would have (1) required certain health insurance policies to cover prescription drugs used to treat substance use disorders and place such drugs in the lowest cost sharing tier and (2) prohibited policies from requiring step therapy or prior authorization for these drugs. The amendment also (1) requires the underlying bill's health carrier reports to include information demonstrating compliance with state prescription drug and federal mental health parity laws and (2) specifies that certain reported information is confidential.

EFFECTIVE DATE: January 1, 2020, except the reporting provisions are effective October 1, 2019.

**§ 1 — MENTAL HEALTH AND SUBSTANCE USE DISORDER BENEFITS AND NONQUANTITATIVE TREATMENT LIMITATIONS REPORTING REQUIREMENT**

Starting by March 1, 2021, the bill requires each health carrier to annually report to the insurance commissioner about mental health and substance use disorder benefits and nonquantitative treatment limitations. The report must be in a form and manner the commissioner prescribes and contain, for the prior calendar year, certain policy descriptions and analyses.

The bill authorizes the insurance commissioner to adopt implementing regulations.

***Descriptions***

The bill requires each health carrier to include in its report a description of:

1. the process used to develop and select criteria to assess the medical necessity of (a) mental health and substance use disorder benefits and (b) medical and surgical benefits and
2. all nonquantitative treatment limitations applied to mental health, substance use disorder, and medical and surgical benefits.

For the bill's purposes, "mental health and substance use disorder benefits" are all benefits used to treat a mental health condition or substance use disorder that is (1) listed as a mental disorder in the International Classification of Diseases or (2) a mental disorder as defined by the American Psychiatric Association.

**Analysis**

The report must also contain an analysis of the process, strategies, evidentiary standards, and other factors the health carrier used to develop and apply the medical necessity criteria and nonquantitative treatment limitations contained in the report. The analyses must disclose information that, in the commissioner's opinion, sufficiently demonstrates that the carrier:

1. applied nonquantitative treatment limitations comparably, and not more stringently, to mental health and substance use disorder benefits and medical and surgical benefits consistent with the federal Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act;
2. applied nonquantitative treatment limitations equally across mental health, substance use, and medical and surgical benefits; and
3. complied with state mental and nervous conditions coverage, prescription drug coverage, step therapy laws, and federal mental health parity laws.

The analysis must also:

1. disclose each factor the health carrier considered, regardless of whether it was accepted or rejected, in designing and determining whether to apply nonquantitative treatment limitations;
2. disclose all evidentiary standards, whether quantitative or qualitative, applied under a factor considered above, or provide a clear description of the factor if no evidentiary standard was

used;

3. provide the comparative analyses, including their results, that show that the written processes and strategies used to design and apply nonquantitative treatment limitations, as written, to mental health and substance use disorder benefits are comparable to, and applied no more stringently than, those used to design and apply nonquantitative treatment limitations, as written, to medical and surgical benefits; and
4. provide the comparative analyses that show the processes and strategies used to apply nonquantitative treatment limitations, in operation, to mental health and substance use disorder benefits are comparable to, and applied no more stringently than, those used to apply nonquantitative treatment limitations, in operation, to medical and surgical benefits.

#### ***Insurance Commissioner Annual Report***

Starting by April 15, 2021, the commissioner must annually submit the reports he receives to the Insurance and Real Estate Committee as well as the attorney general, healthcare advocate, and the Office of Health Strategy's executive director. Under the bill, the health carrier's names and identities, including the names and identities of entities they contract with, are confidential, and the commissioner is prohibited from making them public.

The commissioner is also prohibited from disclosing the results of the analysis in a manner likely to compromise their financial, competitive, or proprietary nature.. The bill specifies that it does not require any disclosure in violation of federal confidentiality laws.

#### ***Insurance and Real Estate Committee Hearing***

The bill allows the Insurance and Real Estate Committee to hold a public hearing on the reports. The insurance commissioner or his designee must attend and inform the committee whether, in his opinion, each health carrier (1) submitted the required reports; (2) applied nonquantitative treatment limitations equally across mental

health, substance use, and medical and surgical benefits; and (3) complied with certain state mental and nervous conditions coverage, prescription drug coverage, step therapy laws, and federal mental health parity laws.

**BACKGROUND**

***Legislative History***

The House referred the bill (File 343) to the Appropriations Committee, which favorably reported it out on May 13, 2019.

**COMMITTEE ACTION**

Insurance and Real Estate Committee

Joint Favorable Substitute

Yea 20 Nay 0 (03/19/2019)

Appropriations Committee

Joint Favorable

Yea 40 Nay 4 (05/13/2019)