

106TH CONGRESS  
1ST SESSION

# H. R. 1515

To amend the Public Health Service Act, Employee Retirement Income Security Act of 1974, and the Internal Revenue Code of 1986 to prohibit group and individual health plans from imposing treatment limitations or financial requirements on the coverage of mental health benefits and on the coverage of substance abuse and chemical dependency benefits if similar limitations or requirements are not imposed on medical and surgical benefits.

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## IN THE HOUSE OF REPRESENTATIVES

APRIL 21, 1999

Mrs. ROUKEMA (for herself, Mr. WISE, Mr. DEFazio, Mr. STRICKLAND, Mr. BAIRD, Mrs. CAPPS, Ms. KAPTUR, Mr. GEORGE MILLER of California, Mrs. MCCARTHY of New York, Mr. ANDREWS, Ms. DELAURO, Mr. McDERMOTT, Mr. GILMAN, Mrs. MORELLA, Mr. SHAYS, Mrs. KELLY, Mr. SANDERS, Mr. MICA, Mr. LEACH, Mr. MCCOLLUM, Mr. GREENWOOD, Mr. BOEHLERT, and Mrs. JOHNSON of Connecticut) introduced the following bill; which was referred to the Committee on Commerce, and in addition to the Committees on Education and the Workforce, and Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To amend the Public Health Service Act, Employee Retirement Income Security Act of 1974, and the Internal Revenue Code of 1986 to prohibit group and individual health plans from imposing treatment limitations or financial requirements on the coverage of mental health benefits and on the coverage of substance abuse and chemical dependency benefits if similar limitations or

requirements are not imposed on medical and surgical benefits.

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 and  
 5 Substance Abuse Parity Amendments of 1999”.

6 **SEC. 2. REVISION IN LIMITS APPLIED TO MENTAL HEALTH**  
 7 **BENEFITS.**

8 (a) APPLICATION TO GROUP HEALTH PLANS AND  
 9 GROUP HEALTH INSURANCE UNDER ERISA.—

10 (1) EXPANSION TO COVER TREATMENT LIMITA-  
 11 TIONS AND FINANCIAL REQUIREMENTS GEN-  
 12 ERALLY.—Section 712 of the Employee Retirement  
 13 Income Security Act of 1974 (29 U.S.C. 1185a) is  
 14 amended—

15 (A) in the heading, by striking “**CER-**  
 16 **TAIN**”;

17 (B) by amending subsections (a) and (b) to  
 18 read as follows:

19 “(a) IN GENERAL.—In the case of a group health  
 20 plan (or health insurance coverage offered in connection  
 21 with such a plan) that provides both medical and surgical  
 22 benefits and mental health benefits, such plan or coverage  
 23 shall not impose treatment limitations or financial require-  
 24 ments on the coverage of mental health benefits if similar

1 limitations or requirements are not imposed on coverage  
2 of medical and surgical benefits in comparable settings  
3 (including inpatient and outpatient settings).

4 “(b) CONSTRUCTION.—Nothing in this section shall  
5 be construed—

6 “(1) as prohibiting a group health plan (or  
7 health insurance coverage offered in connection with  
8 such a plan) from—

9 “(A) negotiating separate reimbursement  
10 rates and service delivery systems for different  
11 benefits; or

12 “(B) managing the provision of benefits  
13 through the use of pre-admission screening,  
14 prior authorization of services, and other mech-  
15 anisms designed to limit coverage of items and  
16 services to those deemed to be medically nec-  
17 essary;

18 “(2) as requiring a group health plan (or health  
19 insurance coverage offered in connection with such a  
20 plan) to provide any specific mental health benefits;  
21 or

22 “(3) as preventing a group health plan or  
23 health insurance issuer applying subsection (a) with-  
24 out regard to benefits for preventive care.”; and

1 (C) in subsection (e), by striking para-  
2 graphs (1) and (2) and inserting the following:

3 “(1) TREATMENT LIMITATIONS.—The term  
4 ‘treatment limitations’ means limits on the fre-  
5 quency of treatment, number of visits, or other lim-  
6 its on the scope and duration of treatment, as cov-  
7 ered by a group health plan (or health insurance  
8 coverage offered in connection with such a plan).  
9 Such term does not include limits on benefits or cov-  
10 erage based solely on medical necessity.

11 “(2) FINANCIAL REQUIREMENTS.—The term  
12 ‘financial requirements’ means copayments,  
13 deductibles, out-of-network charges, out-of-pocket  
14 contributions or fees, annual limits, and lifetime ag-  
15 gregate limits imposed on covered individuals.”.

16 (2) ELIMINATION OF COST EXEMPTION.—Such  
17 section is further amended by striking paragraph (2)  
18 of subsection (c).

19 (3) ELIMINATION OF SUNSET.—Such section is  
20 further amended by striking subsection (f).

21 (4) CLERICAL AMENDMENT.—The item in the  
22 table of contents in section 1 of such Act relating to  
23 section 712 is amended by striking “certain”.

1 (b) APPLICATION TO GROUP HEALTH PLANS AND  
2 HEALTH INSURANCE ISSUERS UNDER THE PUBLIC  
3 HEALTH SERVICE ACT.—

4 (1) EXPANSION TO COVER TREATMENT LIMITA-  
5 TIONS AND FINANCIAL REQUIREMENTS GEN-  
6 ERALLY.—Section 2705 of the Public Health Service  
7 Act (42 U.S.C. 300gg–5) is amended—

8 (A) in the heading, by striking “**CER-**  
9 **TAIN**”;

10 (B) by amending subsections (a) and (b) to  
11 read as follows:

12 “(a) IN GENERAL.—In the case of a group health  
13 plan (or health insurance coverage offered in connection  
14 with such a plan) that provides both medical and surgical  
15 benefits and mental health benefits, such plan or coverage  
16 shall not impose treatment limitations or financial require-  
17 ments on the coverage of mental health benefits if similar  
18 limitations or requirements are not imposed on coverage  
19 of medical and surgical benefits in comparable settings  
20 (including inpatient and outpatient settings).

21 “(b) CONSTRUCTION.—Nothing in this section shall  
22 be construed—

23 “(1) as prohibiting a group health plan (or  
24 health insurance coverage offered in connection with  
25 such a plan) from—

1           “(A) negotiating separate reimbursement  
2           rates and service delivery systems for different  
3           benefits; or

4           “(B) managing the provision of benefits  
5           through the use of pre-admission screening,  
6           prior authorization of services, and other mech-  
7           anisms designed to limit coverage of items and  
8           services to those deemed to be medically nec-  
9           essary;

10          “(2) as requiring a group health plan (or health  
11          insurance coverage offered in connection with such a  
12          plan) to provide any specific mental health benefits;  
13          or

14          “(3) as preventing a group health plan or  
15          health insurance issuer applying subsection (a) with-  
16          out regard to benefits for preventive care.”; and

17                 (C) in subsection (e), by striking para-  
18                 graphs (1) and (2) and inserting the following:

19                 “(1) TREATMENT LIMITATIONS.—The term  
20                 ‘treatment limitations’ means limits on the fre-  
21                 quency of treatment, number of visits, or other lim-  
22                 its on the scope and duration of treatment, as cov-  
23                 ered by a group health plan (or health insurance  
24                 coverage offered in connection with such a plan).

1 Such term does not include limits on benefits or cov-  
 2 erage based solely on medical necessity.

3 “(2) FINANCIAL REQUIREMENTS.—The term  
 4 ‘financial requirements’ means copayments,  
 5 deductibles, out-of-network charges, out-of-pocket  
 6 contributions or fees, annual limits, and lifetime ag-  
 7 gregate limits imposed on covered individuals.”.

8 (2) ELIMINATION OF COST EXEMPTION.—Such  
 9 section is further amended by striking paragraph (2)  
 10 of subsection (c).

11 (3) ELIMINATION OF SUNSET.—Such section is  
 12 further amended by striking subsection (f).

13 (c) APPLICATION TO GROUP HEALTH PLANS UNDER  
 14 THE INTERNAL REVENUE CODE OF 1986.—

15 (1) EXPANSION TO COVER TREATMENT LIMITA-  
 16 TIONS AND FINANCIAL REQUIREMENTS GEN-  
 17 ERALLY.—Section 9812 of the Internal Revenue  
 18 Code of 1986 (relating to parity in the application  
 19 of certain limits to mental health benefits) is  
 20 amended—

21 (A) in the heading, by striking “**CER-**  
 22 **TAIN**”;

23 (B) by amending subsections (a) and (b) to  
 24 read as follows:

1       “(a) IN GENERAL.—In the case of a group health  
2 plan that provides both medical and surgical benefits and  
3 mental health benefits, such plan shall not impose treat-  
4 ment limitations or financial requirements on the coverage  
5 of mental health benefits if similar limitations or require-  
6 ments are not imposed on coverage of medical and surgical  
7 benefits in comparable settings (including inpatient and  
8 outpatient settings).

9       “(b) CONSTRUCTION.—Nothing in this section shall  
10 be construed—

11               “(1) as prohibiting a group health plan from—

12                       “(A) negotiating separate reimbursement  
13 rates and service delivery systems for different  
14 benefits; or

15                       “(B) managing the provision of benefits  
16 through the use of pre-admission screening,  
17 prior authorization of services, and other mech-  
18 anisms designed to limit coverage of items and  
19 services to those deemed to be medically nec-  
20 essary;

21               “(2) as requiring a group health plan to provide  
22 any specific mental health benefits; or

23               “(3) as preventing a group health plan applying  
24 subsection (a) without regard to benefits for preven-  
25 tive care.”; and



1 (C) in subsection (e), by striking para-  
 2 graphs (1) and (2) and inserting the following:

3 “(1) TREATMENT LIMITATIONS.—The term  
 4 ‘treatment limitations’ means limits on the fre-  
 5 quency of treatment, number of visits, or other lim-  
 6 its on the scope and duration of treatment, as cov-  
 7 ered by a group health plan. Such term does not in-  
 8 clude limits on benefits or coverage based solely on  
 9 medical necessity.

10 “(2) FINANCIAL REQUIREMENTS.—The term  
 11 ‘financial requirements’ means copayments,  
 12 deductibles, out-of-network charges, out-of-pocket  
 13 contributions or fees, annual limits, and lifetime ag-  
 14 gregate limits imposed on covered individuals.”.

15 (2) ELIMINATION OF COST EXEMPTIONS.—Such  
 16 section is further amended by striking paragraph (2)  
 17 of subsection (c).

18 (3) ELIMINATION OF SUNSET.—Such section is  
 19 further amended by striking subsection (f).

20 (4) CLERICAL AMENDMENT.—The item relating  
 21 to section 9812 in the table of sections of subchapter  
 22 B of chapter 100 of the Internal Revenue Code of  
 23 1986 is amended by striking “certain”.

24 (d) APPLICATION TO INDIVIDUAL HEALTH INSUR-  
 25 ANCE.—Part B of title XXVII of the Public Health Serv-

1 ice Act is amended by inserting after section 2752 the fol-  
2 lowing new section:

3 **“SEC. 2753. PARITY IN THE APPLICATION OF LIMITS TO**  
4 **MENTAL HEALTH BENEFITS.**

5 “The provisions of subsections (a), (b), and (e) of sec-  
6 tion 2705 shall apply to health insurance coverage offered  
7 by a health insurance issuer in the individual market in  
8 the same manner as they apply to health insurance cov-  
9 erage offered by a health insurance issuer in connection  
10 with a group health plan.”.

11 (e) EFFECTIVE DATES.—

12 (1) GROUP HEALTH PLANS.—

13 (A) IN GENERAL.—Subject to subpara-  
14 graph (B), the amendments made by sub-  
15 sections (a), (b), and (c) shall apply with re-  
16 spect to group health plans for plan years be-  
17 ginning on or after July 1, 2000.

18 (B) In the case of a group health plan  
19 maintained pursuant to 1 or more collective  
20 bargaining agreements between employee rep-  
21 resentatives and 1 or more employers ratified  
22 before the date of enactment of this Act, the  
23 amendments made by subsections (a), (b), and  
24 (c) shall not apply to plan years beginning be-  
25 fore the later of—

1 (i) the date on which the last collec-  
2 tive bargaining agreements relating to the  
3 plan terminates (determined without re-  
4 gard to any extension thereof agreed to  
5 after the date of the enactment of this  
6 Act), or

7 (ii) July 1, 2000.

8 For purposes of clause (i), any plan amendment  
9 made pursuant to a collective bargaining agree-  
10 ment relating to the plan which amends the  
11 plan solely to conform to any requirement  
12 added by subsection (a), (b), or (c) shall not be  
13 treated as a termination of such collective bar-  
14 gaining agreement.

15 (2) INDIVIDUAL HEALTH INSURANCE COV-  
16 ERAGE.—The amendment made by subsection (d)  
17 shall apply with respect to health insurance coverage  
18 offered, sold, issued, renewed, in effect, or operated  
19 in the individual market on or after July 1, 2000.

20 (f) COORDINATION IN IMPLEMENTATION.—Effective  
21 on the date of the enactment of this Act, section 104(1)  
22 of the Health Insurance Portability and Accountability  
23 Act of 1996 is amended by striking “this subtitle (and  
24 the amendments made by this subtitle and section 401)”  
25 and inserting “the provisions of part 7 of subtitle B of

1 title I of the Employee Retirement Income Security Act  
 2 of 1974, the provisions of parts A and C of title XXVII  
 3 of the Public Health Service Act, and chapter 1000 of the  
 4 Internal Revenue Code of 1986”.

5 **SEC. 3. PARITY IN THE APPLICATION OF LIMITS TO SUB-**  
 6 **STANCE ABUSE AND CHEMICAL DEPEND-**  
 7 **ENCY BENEFITS.**

8 (a) APPLICATION TO GROUP HEALTH PLANS UNDER  
 9 ERISA.—

10 (1) IN GENERAL.—Part 7 of subtitle B of title  
 11 II of the Employee Retirement Income Security Act  
 12 of 1974 is amended by inserting after section 713  
 13 the following new section:

14 **“SEC. 714. PARITY IN THE APPLICATION OF LIMITS TO SUB-**  
 15 **STANCE ABUSE AND CHEMICAL DEPEND-**  
 16 **ENCY BENEFITS.**

17 “The provisions of section 712 shall apply to benefits  
 18 with respect to treatment of substance abuse or chemical  
 19 dependency in the same manner as they apply to mental  
 20 health benefits.”.

21 (2) CLERICAL AMENDMENT.—The table of con-  
 22 tents in section 1 of such Act is amended by insert-  
 23 ing after the item relating to section 713 the fol-  
 24 lowing new item:

“Sec. 714. Parity in the application of limits to substance abuse and chemical  
 dependency benefits.”.

1 (b) APPLICATION TO GROUP HEALTH PLANS AND  
 2 HEALTH INSURANCE ISSUERS UNDER THE PUBLIC  
 3 HEALTH SERVICE ACT.—Title XXVII of the Public  
 4 Health Service Act is amended by inserting after section  
 5 2706 the following new section:

6 **“SEC. 2707. PARITY IN THE APPLICATION OF LIMITS TO**  
 7 **SUBSTANCE ABUSE AND CHEMICAL DEPEND-**  
 8 **ENCY BENEFITS.**

9 “The provisions of section 2705 shall apply to bene-  
 10 fits with respect to treatment of substance abuse or chem-  
 11 ical dependency in the same manner as they apply to men-  
 12 tal health benefits.”.

13 (c) APPLICATION TO GROUP HEALTH PLANS UNDER  
 14 THE INTERNAL REVENUE CODE OF 1986.—

15 (1) IN GENERAL.—Subchapter B of chapter  
 16 100 of the Internal Revenue Code of 1986 is amend-  
 17 ed by adding at the end the following new section:

18 **“SEC. 9813. PARITY IN THE APPLICATION OF LIMITS TO**  
 19 **SUBSTANCE ABUSE AND CHEMICAL DEPEND-**  
 20 **ENCY BENEFITS.**

21 “The provisions of section 9812 shall apply to bene-  
 22 fits with respect to treatment of substance abuse or chem-  
 23 ical dependency in the same manner as they apply to men-  
 24 tal health benefits.”.

1           (2) CLERICAL AMENDMENT.—The table of sec-  
 2           tions for such subchapter is amended by adding at  
 3           the end the following new item:

“Sec. 9813. Parity in the application of limits to substance abuse  
 and chemical dependency benefits.”.

4           (d) APPLICATION TO INDIVIDUAL HEALTH INSUR-  
 5           ANCE COVERAGE UNDER THE PUBLIC HEALTH SERVICE  
 6           ACT.—Part B of title XXVII of the Public Health Service  
 7           Act, as amended by section 2(d), is amended by inserting  
 8           after section 2753 the following new section:

9           **“SEC. 2754. PARITY IN THE APPLICATION OF LIMITS TO**  
 10           **MENTAL HEALTH BENEFITS.**

11           “The provisions of section 2753 shall apply to bene-  
 12           fits with respect to treatment of substance abuse or chem-  
 13           ical dependency in the same manner as they apply to men-  
 14           tal health benefits.”.

15           (e) EFFECTIVE DATES.—

16           (1) GROUP HEALTH PLANS.—

17           (A) IN GENERAL.—Subject to subpara-  
 18           graph (B), the amendments made by sub-  
 19           sections (a), (b), and (c) shall apply with re-  
 20           spect to group health plans for plan years be-  
 21           ginning on or after July 1, 2000.

22           (B) In the case of a group health plan  
 23           maintained pursuant to 1 or more collective  
 24           bargaining agreements between employee rep-

1           representatives and 1 or more employers ratified  
2           before the date of enactment of this Act, the  
3           amendments made by subsections (a), (b), and  
4           (c) shall not apply to plan years beginning be-  
5           fore the later of—

6                     (i) the date on which the last collec-  
7                     tive bargaining agreements relating to the  
8                     plan terminates (determined without re-  
9                     gard to any extension thereof agreed to  
10                    after the date of the enactment of this  
11                    Act), or

12                   (ii) July 1, 2000.

13           For purposes of clause (i), any plan amendment  
14           made pursuant to a collective bargaining agree-  
15           ment relating to the plan which amends the  
16           plan solely to conform to any requirement  
17           added by subsection (a), (b), or (c) shall not be  
18           treated as a termination of such collective bar-  
19           gaining agreement.

20           (2) INDIVIDUAL HEALTH INSURANCE COV-  
21           ERAGE.—The amendment made by subsection (d)  
22           shall apply with respect to health insurance coverage  
23           offered, sold, issued, renewed, in effect, or operated  
24           in the individual market on or after July 1, 2000.

○