

**REPORT OF THE
SPECIAL ADVISORY COMMISSION ON
MANDATED HEALTH INSURANCE BENEFITS**

**Mandated Coverage for
Social Anxiety Disorder**

**TO THE GOVERNOR AND
THE GENERAL ASSEMBLY OF VIRGINIA**



HOUSE DOCUMENT NO. 20

**COMMONWEALTH OF VIRGINIA
RICHMOND
2002**

SENATE OF VIRGINIA



STEPHEN H. MARTIN
11TH SENATORIAL DISTRICT
PART OF CHESTERFIELD AND DINWIDDIE COUNTIES,
AMELIA COUNTY, CITY OF COLONIAL HEIGHTS
POST OFFICE BOX 36147
RICHMOND, VIRGINIA 23235

COMMITTEE ASSIGNMENTS:
EDUCATION AND HEALTH
GENERAL LAWS
LOCAL GOVERNMENT
PRIVILEGES AND ELECTIONS


December 19, 2001

To: The Honorable James S. Gilmore, III
Governor of Virginia
and
The General Assembly of Virginia

The report contained herein has been prepared pursuant to §§ 9-298 and 9-299 of the Code of Virginia.

This report documents a study conducted by the Special Advisory Commission on Mandated Health Insurance Benefits to assess the social and financial impact and the medical efficacy of House Bill 1261 regarding a proposed mandate of coverage for social anxiety disorder.

Respectfully submitted,


Stephen H. Martin
Chairman
Special Advisory Commission on
Mandated Health Insurance Benefits

SPECIAL ADVISORY COMMISSION ON
MANDATED HEALTH INSURANCE BENEFITS

Stephen H. Martin, Chairman
James M. Shuler, Vice Chairman

Martin E. Williams
Vivian E. Watts
Johanna B. Chase
R. DuVal Dickinson
Charles B. Garber
Dao Huynh
Matthew D. Jenkins

Stephen P. Long, M.D.
James F. McIntyre, III
Virginia Norton, Ph.D.
Fred M. Rankin, III
John L. Roper, IV
Alfred W. Gross
E. Anne Peterson, M.D., M.P.H.

TABLE OF CONTENTS

<u>SECTION</u>	<u>PAGE</u>
INTRODUCTION	1
SUMMARY OF PROPOSED LEGISLATION	1
SOCIAL ANXIETY DISORDER	3
PANIC DISORDER	4
SOCIAL IMPACT	4
FINANCIAL IMPACT	5
MEDICAL EFFICACY	5
CURRENT INDUSTRY PRACTICES	6
SIMILAR LEGISLATION IN OTHER STATES	7
REVIEW CRITERIA:	
SOCIAL IMPACT	7
FINANCIAL IMPACT	9
MEDICAL EFFICACY	11
EFFECTS OF BALANCING THE SOCIAL, FINANCIAL AND MEDICAL EFFICACY CONSIDERATIONS	12
CONCLUSION	12
APPENDIX: HOUSE BILL 1261	A-1

INTRODUCTION

The House Committee on Corporations, Insurance and Banking referred House Bill 1261 to the Special Advisory Commission on Mandated Health Insurance Benefits (Advisory Commission) during the 2000 session of the General Assembly.

On June 27, 2000, Delegate L. Karen Darner requested the Advisory Commission to strike House Bill 1261 from the docket because further research was necessary in the area. Section 9-299 of the Code of Virginia provides that the Advisory Commission shall be given a period of twenty-four months to complete and submit its assessment of measures referred for review. On August 15, 2000, the Advisory Commission decided to defer the review of House Bill 1261 until after the 2001 Session of the General Assembly to provide proponents of the bill more time to obtain additional information and to conduct further research on the issue.

On May 25, 2001, a written statement from Delegate Darner stated that there is no need for this legislation and requested that House Bill 1261 be stricken without further discussion.

On June 1, 2001, written comments from McGuire Woods Consulting LLC, at the request of their client, originally known as SmithKline Beecham Pharmaceuticals, now a part of Glaxo SmithKline, stated that the purpose of House Bill 1261 was to add social anxiety disorder in coverage for biologically based mental illnesses in the Code of Virginia. The comments further stated that through the use of an effective education program, there appears to be more widespread recognition of the need to treat this condition and to provide coverage. SmithKline Beecham Pharmaceuticals recognized the importance of reserving mandated coverage for those conditions where coverage is not generally available. McGuire Woods Consulting LLC concluded that House Bill 1261 was not necessary at this time.

The Advisory Commission held a public hearing on June 4, 2001. The members of the Advisory Commission agreed that House Bill 1261 should not be considered for review due to the fact that no representatives were present at the hearing to speak in support of House Bill 1261. Written comments in opposition to the bill were provided by the Virginia Association of Health Plans (VAHP) and the Virginia Chamber of Commerce.

SUMMARY OF PROPOSED LEGISLATION

The bill amends and reenacts § 38.2-3412.1:01 and amends § 38.2-3419 of the Code of Virginia to require each insurer proposing to issue individual or

group accident and sickness insurance policies providing hospital, medical and surgical, or major medical coverage on an expense incurred basis; each corporation providing individual or group subscription contracts; and each health maintenance organization providing a health care plan for health care services to include social anxiety disorder in coverage for biologically based mental illnesses.

The current section states that benefits for biologically based mental illnesses may be different from benefits for other illnesses, conditions or disorders if such benefits meet the medical criteria necessary to achieve the same outcomes as are achieved by the benefits for any other illness, condition or disorder that is covered by such policy or contract.

The section also states that coverage for biologically based mental illnesses shall neither be different nor separate from coverage for any other illness, condition or disorder for purposes of determining deductibles, benefit year or lifetime durational limits, benefits year or lifetime dollar limits, lifetime episodes or treatment limits, copayment and coinsurance factors, and benefit year maximum for deductibles and copayment and coinsurance factors.

The section states that nothing shall preclude the undertaking of usual and customary procedures to determine the appropriateness of, and medical necessity for, treatment of biologically based mental illnesses under this option, provided that all such appropriateness and medical necessity determinations are made in the same manner as those determinations made for the treatment of any other illness, condition or disorder covered by such policy or contract.

The section defines "biologically based mental illness" as any mental or nervous condition caused by a biological disorder of the brain that results in a clinically significant syndrome that substantially limits the person's functioning; specifically, the following diagnoses are defined as biologically based mental illness as they apply to adults and children: schizophrenia, schizoaffective disorder, bipolar disorder, major depressive disorder, panic disorder, obsessive-compulsive disorder, attention deficit hyperactivity disorder, autism, and drug and alcoholism addiction. The bill adds "social anxiety disorder" to the conditions currently listed in the section.

The section also requires that the provisions shall not apply to (i) short-term travel, accident only, limited or specified disease policies, (ii) short-term nonrenewable policies of not more than six months' duration, (iii) policies, contracts, or plans issued in the individual market or small group markets to employers with 25 or fewer employees, or (iv) policies or contracts designed for issuance to persons eligible for coverage under Title XVIII of the Social Security Act, known as Medicare, or any other similar coverage under state or federal governmental plans.

SOCIAL ANXIETY DISORDER

The Diagnostic and Statistical Manual of Mental Disorders (DSM-IV-TR), published by the American Psychiatric Association, Washington, D.C., section 300.23 Social Phobia, (Social Anxiety Disorder), states that "The essential feature of social phobia is marked and persistent fear of social or performance situations in which embarrassment may occur. Exposure to the social or performance situation almost invariably provokes an immediate anxiety response. This response may take the form of a situationally bound or situationally predisposed panic attack." The diagnosis is considered appropriate only if the avoidance, fear, or anxious anticipation of encountering the social or performance situation interferes significantly with the person's daily routine, occupational functioning, or social life, or if the person is markedly distressed about having the phobia. For children that are younger than 18 years old, symptoms must have persisted for at least 6 months before social phobia is diagnosed.

The DSM-IV-TR states that "The common associated features of social phobia include hypersensitivity to criticism, negative evaluation, or rejection; difficulty being assertive; and low self-esteem or feelings of inferiority." People with social phobia also display poor social skills (e.g., poor eye contact) or visible signs of anxiety (e.g., cold clammy hands, and tremors).

The DSM-IV-TR also states "Thus far, no laboratory test has been found to be diagnostic of social phobia, nor is there sufficient evidence to support the use of any laboratory test (e.g., lactate infusion, CO2 inhalation) to distinguish social phobia from other anxiety disorders (e.g., panic disorder)."

According to SmithKline Beecham Pharmaceuticals' 1999 brochure entitled, "Imagine being allergic to people...", social anxiety disorder is an excessive, persistent fear of social or performance situations. Some people with social anxiety disorder (social phobia) avoid all social situations, fearing embarrassment or humiliation. People with social anxiety disorder may experience an extreme fear of a situation when having to meet people or the likelihood of feeling scrutinized by others. Some of the signs and symptoms of social anxiety disorder may include the following: the feared social situations are experienced with intense anxiety or avoided entirely, and the anxiety-provoking social situation causes physical symptoms such as blushing, sweating, shaking, trembling, tense muscles, shaky voice, dry mouth or a pounding heart. The basic symptom of social anxiety disorder is being very anxious in the presence of others.

Social anxiety disorder limits the lifestyle of individuals with the illness. Some individuals are unable to participate in school, avoid making friends, or miss important job opportunities at work. There are some individuals with social

anxiety disorder that avoid all social-related situations. It limits their life, work and social relationships.

SmithKline Beecham states that "Although no one has discovered a single cause of social anxiety disorder, studies suggest that both biological and psychological factors may play a role." There is a theory that social anxiety disorder may run in families, especially among close relatives like parents and their children.

PANIC DISORDER

According to paxil.com, people with panic disorder experience repeated, brief episodes of intense fear of impending doom that occurs without warning and in the absence of any external threat. The episodes are called panic attacks and involve multiple physical symptoms that may occur as often as several times a week or even per day, causing a great deal of distress. Symptoms may include terror; racing or pounding heartbeat; chest pains; dizziness, lightheadedness, nausea, flushes or chills; difficulty breathing or choking sensations; tingling or numbness in the hands; sense of unreality; fear of losing control or doing something embarrassing; and fear of dying. Paxil.com reports that panic disorder could affect more than 6 million Americans at some point in their lives. There are two classes of medications approved for the treatment of panic disorder, SSRIs and benzodiazepines.

The DSM-IV-TR states that "Although social situations may be avoided in panic disorder due to the fear of being seen while having a panic attack, panic disorder is characterized by recurrent unexpected panic attacks that are not limited to social situations."

The DSM-IV-TR states that "The diagnosis of social phobia is not made when the only social fear is of being seen while having a panic attack, social phobia is characterized by the avoidance of social situations in the absence of recurrent unexpected panic attacks."

SOCIAL IMPACT

The DSM-IV-TR reports from the epidemiological and community-based studies, social phobia is more common in women than in men. However, the sexes are either equally represented or the majority are male in clinical samples. The lifetime prevalence of social phobia ranges from 3% to 13% based on epidemiological and community-based studies. The prevalence may vary based on the threshold used to determine distress or impairment and the number of types of social situations specifically surveyed.

SmithKline Beecham states that social anxiety disorder can start as early as childhood and tends to affect men and women in equal numbers. However, anyone can suffer from social anxiety disorder at any age. SmithKline Beecham reports that social anxiety disorder is actually the third most common psychiatric disorder in the United States and one out of every eight Americans suffers from the disorder. According to paxil.com, it is estimated that over 10 million Americans have social anxiety disorder.

FINANCIAL IMPACT

According to webmd.com, the high cost of the SSRIs can be a hardship for someone with no insurance, or whose insurance does not cover drugs. The cost is approximately \$2 to \$3 per pill and would average about \$75 a month.

MEDICAL EFFICACY

SmithKline Beecham notes that early treatment could lessen the emotional damage social anxiety disorder causes. Early treatment can stop harmful coping tactics from forming, such as alcohol abuse, and prevent the development of other conditions often seen with social anxiety disorder, such as depression. The correct treatment will allow an individual to pursue social activities, and feel more comfortable at work and in relationships.

The effective treatments may include medication, the “talk” therapies or a combination of both. Cognitive-behavior therapy (CBT) is a type of “talk” therapy that may be helpful in the treatment of social anxiety disorder. The therapy teaches individuals with social anxiety disorder to react differently to the situations that trigger their anxiety symptoms. The therapist helps individuals in confronting their negative feelings about social situations and the fear about being judged by others. Social skills training is another component of “talk” therapy that involves meeting with a professional therapist to discuss and rehearse problematic social situations. Individuals are shown how to make eye contact, talk louder and slower, greet people and say good-bye, ask for favors, and respond to requests and criticism. The individuals monitor themselves with diaries and practice the new skills with their therapist and then in real life.

SmithKline Beecham states that there are several types of medications used for social anxiety that include monoamine oxidase inhibitors (MAOI), benzodiazepines, beta-blockers (B-blockers) and selective serotonin reuptake inhibitors (SSRIs). The MAOIs and benzodiazepines may require more monitoring than the other medications. The B-blockers control only specific symptoms of anxiety, like heart pounding, during performance situations. Doctors are starting to use SSRIs more often because for many patients, they have fewer side effects compared to other medications.

According to webmd.com, the U.S. Food and Drug Administration gave the pharmaceutical company, SmithKline, the approval to advertise the first drug for social phobia, Paxil, generically known as paroxetine.

According to paxil.com, Paxil (paroxetine HCl) is the latest class of antidepressant medication. Anxiety disorders may be caused by an imbalance of chemical messengers in the brain. One of these chemical messengers is serotonin. The serotonin helps send electrical signals from one nerve cell to another. In the process, serotonin is released from one nerve cell (the sender) and travels to the next (the receiver), where it is either absorbed or returns back to the original sender cell. When a person suffers from social anxiety disorder, there could be a problem with the balance of the serotonin system that affects the cell to cell communication. The Paxil blocks serotonin from being reabsorbed back into the sender nerve cell. This process increases the amount of serotonin available to be absorbed by the next cell and may help message transmission return to normal.

According to webmd.com, the side effects of SSRIs are usually mild and manageable, although once in a while a sensitive person gets a severe reaction. Like most antidepressants, SSRIs may cause nausea, dizziness, or dry mouth. Men may experience a range of sexual dysfunction including decreased sexual interest, ejaculation problems, or impotence. Women may experience an increased sexual interest or menstrual changes. Paxil was introduced in 1993, and the most common side effects include insomnia, diarrhea, tremors, and drowsiness.

CURRENT INDUSTRY PRACTICES

The State Corporation Commission's Bureau of Insurance surveyed sixty of the top writers of accident and sickness insurance in Virginia regarding each of the bills to be reviewed by the Advisory Commission this year. Forty-three companies responded by April 20, 2001. Twenty-two indicated that they have little or no applicable health insurance business in force in Virginia, and therefore, could not provide the information requested. Of the 21 respondents that completed the survey, eleven reported that they currently provide the coverage required by House Bill 1261.

Eight respondents to the Bureau of Insurance survey provided cost figures that ranged from \$.03 to \$.25 per month per standard individual policyholder and from \$.03 to \$3.65 per month per standard group certificate to provide the coverage required by House Bill 1261. Insurers providing coverage on an optional basis provided cost figures of \$1.25 per month per individual policyholder and from \$.20 to \$1.00 per month per group certificate holder for the coverage by each bill. Two companies reported cost figures of \$4.30 and \$6.00 per month for individual coverage and \$6.00 and \$11.33 per month for group

coverage on standard basis. Two companies reported cost figures of \$15.00 per month for individual and group coverage on an optional basis as required by House Bill 1261.

SIMILAR LEGISLATION IN OTHER STATES

According to information from the National Insurance Law Service, the South Carolina Statutes require the state health insurance plan, as of January 1, 2002 to provide coverage for treatment of medically necessary mental health conditions and alcohol or substance abuse. The bill includes social anxiety disorder as a mental health condition. The state health plan may opt out if there is a greater than one percent increase in health insurance costs under the state health plan at the end of the three-year period or a 3.39% increase at any time during that period as a result of providing the coverage. The State Budget and Control Board shall submit a report to the General Assembly on the impact of this coverage during a three-year period. This act is repealed January 1, 2005. The state health insurance plan provides the same access to treatment for a mental health condition or alcohol or substance abuse as that for a physical health condition.

A bill was introduced in New Jersey to require coverage for the treatment of social anxiety disorder. The bill would require coverage for treatment of social anxiety disorder as for any other illness under the health benefits plan.

REVIEW CRITERIA

SOCIAL IMPACT

- a. *The extent to which the treatment or service is generally utilized by a significant portion of the population.*

SmithKline Beecham reports that social anxiety disorder is actually the third most common psychiatric disorder in the United States and one out of every eight Americans suffers from the disorder. According to paxil.com, it is estimated that over 10 million Americans have social anxiety disorder.

- b. *The extent to which insurance coverage for the treatment or service is already available.*

In a 2001 State Corporation Commission's Bureau of Insurance survey of the top sixty writers of accident and sickness insurance in Virginia, twenty-one companies currently writing applicable business in Virginia responded. Of that

number, eleven companies (52%) already provide the coverage required by House Bill 1261.

- c. *If coverage is not generally available, the extent to which the lack of coverage results in persons being unable to obtain necessary health care treatments.*

Information was not presented on the number of people that have not been treated because of a lack of coverage. However, according to socialphobia.org, social anxiety is not well understood by the general public or by medical and mental health care professionals, such as doctors, psychiatrists, psychologists, therapists, social workers, and counselors. In fact, people with social anxiety are misdiagnosed almost 90% of the time as schizophrenic, manic-depressive, clinically depressed, panic disorder, and personality disorder. It was noted that without some kind of education, knowledge, and treatment, social anxiety continues to wreak havoc throughout their lives.

- d. *If the coverage is not generally available, the extent to which the lack of coverage results in unreasonable financial hardship on those persons needing treatment.*

According to webmd.com, the high cost of the SSRIs can be a hardship for someone with no insurance, or whose insurance does not cover drugs. The cost is approximately \$2 to \$3 per pill and would average about \$75 a month.

- e. *The level of public demand for the treatment or service.*

Information was not presented as to the level of demand in Virginia for the treatment of social anxiety disorder. However, webMD.com stated that according to a 1998 study called the National Comorbidity Survey, conducted by Ronald Kessler, PhD, at Harvard Medical School, more than 13% of Americans experience the symptoms of social anxiety disorder at some point in their lives. The survey reported that approximately 4.5% of the population meets the diagnostic criteria, making social anxiety disorder the third most common mental disorder in the nation, after depression and alcoholism.

- f. *The level of public demand and the level of demand from providers for individual and group insurance coverage of the treatment or service.*

No information was received from providers of this treatment requesting insurance coverage.

- g. The level of interest of collective bargaining organizations in negotiating privately for inclusion of this coverage in group contracts.*

No information was received from collective bargaining organizations addressing potential interest in negotiating privately for inclusion of this coverage in group contracts.

- h. Any relevant findings of the state health planning agency or the appropriate health system agency relating to the social impact of the mandated benefit.*

No information or relevant findings of the state health planning agency or the appropriate health system agency relating to the social impact of this mandated benefit was presented during this review.

FINANCIAL IMPACT

- a. The extent to which the proposed insurance coverage would increase or decrease the cost of treatment or service over the next five years.*

No information was provided by either proponents or opponents that would suggest that the cost of treatments would increase or decrease in the next five years because of insurance coverage.

- b. The extent to which the proposed insurance coverage might increase the appropriate or inappropriate use of the treatment or service.*

According to webmd.com, untreated social phobia can lead to serious problems. Coverage for the treatment of social anxiety disorder might appropriately decrease the use of drugs, the need for counseling, or both.

- c. The extent to which the mandated treatment or service might serve as an alternative for more expensive or less expensive treatment or service.*

According to an article published in the Journal of Clinical Psychiatry December 1999, Murray Stein, a psychiatrist and his colleagues at the University of California at Los Angeles have found that almost six in ten social phobics are clinically depressed and one in four have recently been treated for substance abuse. Social phobia can lead to serious problems, so it is important to identify and treat this condition.

- d. *The extent to which the insurance coverage may affect the number and types of providers of the mandated treatment or service over the next five years.*

Coverage for the treatment of social anxiety disorder is not expected to affect the number or types of providers of the treatment over the next five years.

- e. *The extent to which insurance coverage might be expected to increase or decrease the administrative expenses of insurance companies and the premium and administrative expenses of policyholders.*

An increase in the administrative expenses of insurance companies, in premiums, and in the administrative expenses for policyholders is anticipated because of the expenses associated with such things as policy redesign, form filings, claims processing systems, and marketing.

Eight respondents to the Bureau of Insurance survey provided cost figures that ranged from \$.03 to \$.25 per month per standard individual policyholder and from \$.03 to \$3.65 per month per standard group certificate to provide the coverage required by House Bill 1261. Insurers providing coverage on an optional basis provided cost figures of \$1.25 per month per individual policyholder and from \$.20 to \$1.00 per month per group certificate holder for the coverage by each bill. Two companies reported cost figures of \$4.30 and \$6.00 per month for individual coverage and \$6.00 and \$11.33 per month for group coverage on standard basis. Two companies reported cost figures of \$15.00 per month for individual and group coverage on an optional basis as required by House Bill 1261.

- f. *The impact of coverage on the total cost of health care.*

In its written comments, the Virginia Chamber of Commerce is opposed to additional mandates because the cost of health insurance is rising dramatically for all purchasers including large corporations, small groups and individuals. The Virginia Chamber of Commerce reported that additional mandated benefits will serve to exacerbate these costs, placing health insurance out of the reach of more and more Virginians and depriving them of basic and essential health care services.

MEDICAL EFFICACY

- a. *The contribution of the benefit to the quality of patient care and the health status of the population, including the results of any research demonstrating the medical efficacy of the treatment or service compared to alternatives or not providing the treatment or service.*

In written comments, the VAHP stated that social anxiety disorder should not be added to the list of biologically based mental illnesses. The VAHP stated that social anxiety disorder (social phobia) is defined in the DSM IV as a marked and persistent fear of social or performance situations in which embarrassment may occur. The mental health parity statute, § 38.2-3412.1:01, was written to include only those “clinically significant syndromes that substantially limit a person’s functioning.” The VAHP stated that social anxiety disorder, as a whole, does not meet this criterion and is not the type of mental illness that was intended to be covered by the mental health parity statute. The VAHP noted that there appears to be some debate in the literature as to whether social anxiety disorder is a biologically based mental illness. According to the statutory definition, the mental or nervous condition must be caused by a “biological disorder of the brain.”

- b. *If the legislation seeks to mandate coverage of an additional class of practitioners:*

- 1) *The results of any professionally acceptable research demonstrating the medical results achieved by the additional class of practitioners relative to those already covered.*

Not applicable.

- 2) *The methods of the appropriate professional organization that assure clinical proficiency.*

Not applicable.

EFFECTS OF BALANCING THE SOCIAL, FINANCIAL AND MEDICAL EFFICACY CONSIDERATIONS

- a. *The extent to which the benefit addresses a medical or a broader social need and whether it is consistent with the role of health insurance.*

House Bill 1261 addresses the medical need of treating individuals with social anxiety disorder. The benefit is consistent with the role of health insurance.

- b. *The extent to which the need for coverage outweighs the costs of mandating the benefit for all policyholders.*

In its written comments, the Virginia Chamber of Commerce is opposed to additional mandates because the cost of health insurance is rising dramatically for all purchasers including large corporations, small groups and individuals. The Virginia Chamber of Commerce reported that additional mandated benefits will serve to exacerbate these costs, placing health insurance out of the reach of more and more Virginians and depriving them of basic and essential health care services.

- c. *The extent to which the need for coverage may be solved by mandating the availability of the coverage as an option for policyholders.*

In the case of group coverage, the decision whether to select the optional coverage or not would lie with the master contract holder and not the individual insured.

CONCLUSION

The Advisory Commission concluded that based on the initial comments received from the patron and proponent of House Bill 1261, a mandate for the treatment of social anxiety is not necessary at this time. The Advisory Commission agreed that the members could not fully consider this legislation adequately without hearing from advocates of the proposed mandate who had chosen not to pursue the matter.

002628696

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44

HOUSE BILL NO. 1261

Offered January 24, 2000

A BILL to amend and reenact § 38.2-3412.1:01 of the Code of Virginia, relating to health coverage for biologically based mental illness; social anxiety disorder.

Patron—Darnier

Referred to Committee on Corporations, Insurance and Banking

Be it enacted by the General Assembly of Virginia:

1. That § 38.2-3412.1:01 of the Code of Virginia is amended and reenacted as follows:

§ 38.2-3412.1:01. (Effective until July 1, 2004) Coverage for biologically based mental illness.

A. Notwithstanding the provisions of § 38.2-3419, each insurer proposing to issue individual or group accident and sickness insurance policies providing hospital, medical and surgical, or major medical coverage on an expense-incurred basis; each corporation providing individual or group accident and sickness subscription contracts; and each health maintenance organization providing a health care plan for health care services shall provide coverage for biologically based mental illnesses.

B. Benefits for biologically based mental illnesses may be different from benefits for other illnesses, conditions or disorders if such benefits meet the medical criteria necessary to achieve the same outcomes as are achieved by the benefits for any other illness, condition or disorder that is covered by such policy or contract.

C. Coverage for biologically based mental illnesses shall neither be different nor separate from coverage for any other illness, condition or disorder for purposes of determining deductibles, benefit year or lifetime durational limits, benefit year or lifetime dollar limits, lifetime episodes or treatment limits, copayment and coinsurance factors, and benefit year maximum for deductibles and copayment and coinsurance factors.

D. Nothing shall preclude the undertaking of usual and customary procedures to determine the appropriateness of, and medical necessity for, treatment of biologically based mental illnesses under this option, provided that all such appropriateness and medical necessity determinations are made in the same manner as those determinations made for the treatment of any other illness, condition or disorder covered by such policy or contract.

E. For purposes of this section, a "biologically based mental illness" is any mental or nervous condition caused by a biological disorder of the brain that results in a clinically significant syndrome that substantially limits the person's functioning; specifically, the following diagnoses are defined as biologically based mental illness as they apply to adults and children: schizophrenia, schizoaffective disorder, bipolar disorder, major depressive disorder, panic disorder, *social anxiety disorder*, obsessive-compulsive disorder, attention deficit hyperactivity disorder, autism, and drug and alcoholism addiction.

F. The provisions of this section shall not apply to (i) short-term travel, accident only, limited or specified disease policies, (ii) short-term nonrenewable policies of not more than six months' duration, (iii) policies, contracts, or plans issued in the individual market or small group markets to employers with 25 or fewer employees, or (iv) policies or contracts designed for issuance to persons eligible for coverage under Title XVIII of the Social Security Act, known as Medicare, or any other similar coverage under state or federal governmental plans.

002628696

HB1261

1/26/00 7:35