

104TH CONGRESS  
2D SESSION

# H. R. 4058

To provide for parity for mental health benefits under group health plans.

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## IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 11, 1996

Mrs. ROUKEMA (for herself, Mr. DEFAZIO, Mr. WISE, Mrs. JOHNSON of Connecticut, Mrs. MORELLA, Ms. NORTON, Ms. KAPTUR, Mr. MCCOLLUM, Mr. KASICH, and Mr. HUTCHINSON) introduced the following bill; which was referred to the Committee on Commerce, and in addition to the Committees on Economic and Educational Opportunities, and Government Reform and Oversight, 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 provide for parity for mental health benefits under group health plans.

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 Parity  
5 Act of 1996”.

1 **SEC. 2. PLAN PROTECTIONS FOR INDIVIDUALS WITH A**  
2 **MENTAL ILLNESS.**

3 (a) PERMISSIBLE COVERAGE LIMITS UNDER A  
4 GROUP HEALTH PLAN.—

5 (1) AGGREGATE LIFETIME LIMITS.—

6 (A) IN GENERAL.—With respect to a  
7 group health plan offered by a health insurance  
8 issuer, that applies an aggregate lifetime limit  
9 to plan payments for medical or surgical serv-  
10 ices covered under the plan, if such plan also  
11 provides a mental health benefit such plan  
12 shall—

13 (i) include plan payments made for  
14 mental health services under the plan in  
15 such aggregate lifetime limit; or

16 (ii) establish a separate aggregate life-  
17 time limit applicable to plan payments for  
18 mental health services under which the dol-  
19 lar amount of such limit (with respect to  
20 mental health services) is equal to or  
21 greater than the dollar amount of the ag-  
22 gregate lifetime limit on plan payments for  
23 medical or surgical services.

24 (B) NO LIFETIME LIMIT.—With respect to  
25 a group health plan offered by a health insur-  
26 ance issuer, that does not apply an aggregate

1 lifetime limit to plan payments for medical or  
2 surgical services covered under the plan, such  
3 plan may not apply an aggregate lifetime limit  
4 to plan payments for mental health services  
5 covered under the plan.

6 (2) ANNUAL LIMITS.—

7 (A) IN GENERAL.—With respect to a  
8 group health plan offered by a health insurance  
9 issuer, that applies an annual limit to plan pay-  
10 ments for medical or surgical services covered  
11 under the plan, if such plan also provides a  
12 mental health benefit such plan shall—

13 (i) include plan payments made for  
14 mental health services under the plan in  
15 such annual limit; or

16 (ii) establish a separate annual limit  
17 applicable to plan payments for mental  
18 health services under which the dollar  
19 amount of such limit (with respect to men-  
20 tal health services) is equal to or greater  
21 than the dollar amount of the annual limit  
22 on plan payments for medical or surgical  
23 services.

24 (B) NO ANNUAL LIMIT.—With respect to a  
25 group health plan offered by a health insurance

1 issuer, that does not apply an annual limit to  
2 plan payments for medical or surgical services  
3 covered under the plan, such plan may not  
4 apply an annual limit to plan payments for  
5 mental health services covered under the plan.

6 (b) RULE OF CONSTRUCTION.—

7 (1) IN GENERAL.—Nothing in this section shall  
8 be construed as prohibiting a group health plan of-  
9 fered by a health insurance issuer, from—

10 (A) utilizing other forms of cost contain-  
11 ment not prohibited under subsection (a); or

12 (B) applying requirements that make dis-  
13 tinctions between acute care and chronic care.

14 (2) NONAPPLICABILITY.—This section shall not  
15 apply to—

16 (A) substance abuse or chemical depend-  
17 ency benefits; or

18 (B) health benefits or health plans paid for  
19 under title XVIII or XIX of the Social Security  
20 Act.

21 (3) STATE LAW.—Nothing in this section shall  
22 be construed to preempt any State law that provides  
23 for greater parity with respect to mental health ben-  
24 efits than that required under this section.

25 (c) SMALL EMPLOYER EXEMPTION.—

1           (1) IN GENERAL.—This section shall not apply  
2 to plans maintained by employers that employ less  
3 than 26 employees.

4           (2) APPLICATION OF CERTAIN RULES IN DE-  
5 TERMINATION OF EMPLOYER SIZE.—For purposes of  
6 this subsection—

7           (A) APPLICATION OF AGGREGATION RULE  
8 FOR EMPLOYERS.—All persons treated as a sin-  
9 gle employer under subsection (b), (c), (m), or  
10 (o) of section 414 of the Internal Revenue Code  
11 of 1986 shall be treated as 1 employer.

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

21           (C) PREDECESSORS.—Any reference in  
22 this subsection to an employer shall include a  
23 reference to any predecessor of such employer.

24 **SEC. 3. DEFINITIONS.**

25 For purposes of this Act:

1 (1) GROUP HEALTH PLAN.—

2 (A) IN GENERAL.—The term “group  
3 health plan” means an employee welfare benefit  
4 plan (as defined in section 3(1) of the Em-  
5 ployee Retirement Income Security Act of  
6 1974) to the extent that the plan provides med-  
7 ical care (as defined in paragraph (2)) and in-  
8 cluding items and services paid for as medical  
9 care) to employees or their dependents (as de-  
10 fined under the terms of the plan) directly or  
11 through insurance, reimbursement, or other-  
12 wise.

13 (B) MEDICAL CARE.—The term “medical  
14 care” means amounts paid for—

15 (i) the diagnosis, cure, mitigation,  
16 treatment, or prevention of disease, or  
17 amounts paid for the purpose of affecting  
18 any structure or function of the body,

19 (ii) amounts paid for transportation  
20 primarily for and essential to medical care  
21 referred to in clause (i), and

22 (iii) amounts paid for insurance cover-  
23 ing medical care referred to in clauses (i)  
24 and (ii).

1           (2) HEALTH INSURANCE COVERAGE.—The term  
2           “health insurance coverage” means benefits consist-  
3           ing of medical care (provided directly, through insur-  
4           ance or reimbursement, or otherwise and including  
5           items and services paid for as medical care) under  
6           any hospital or medical service policy or certificate,  
7           hospital or medical service plan contract, or health  
8           maintenance organization contract offered by a  
9           health insurance issuer.

10           (3) HEALTH INSURANCE ISSUER.—The term  
11           “health insurance issuer” means an insurance com-  
12           pany, insurance service, or insurance organization  
13           (including a health maintenance organization, as de-  
14           fined in paragraph (4)) which is licensed to engage  
15           in the business of insurance in a State and which is  
16           subject to State law which regulates insurance (with-  
17           in the meaning of section 514(b)(2) of the Employee  
18           Retirement Income Security Act of 1974), and in-  
19           cludes a plan sponsor described in section 3(16)(B)  
20           of the Employee Retirement Income Security Act of  
21           1974 in the case of a group health plan which is an  
22           employee welfare benefit plan (as defined in section  
23           3(1) of such Act). Such term does not include a  
24           group health plan.

1 (4) HEALTH MAINTENANCE ORGANIZATION.—

2 The term “health maintenance organization”  
3 means—

4 (A) a federally qualified health mainte-  
5 nance organization (as defined in section  
6 1301(a) of the Public Health Service Act),

7 (B) an organization recognized under State  
8 law as a health maintenance organization, or

9 (C) a similar organization regulated under  
10 State law for solvency in the same manner and  
11 to the same extent as such a health mainte-  
12 nance organization.

13 (5) STATE.—The term “State” means each of  
14 the several States, the District of Columbia, Puerto  
15 Rico, the Virgin Islands, Guam, American Samoa,  
16 and the Northern Mariana Islands.

17 **SEC. 4. SUNSET.**

18 Section 2 shall cease to be effective on September 30,  
19 2001.

20 **SEC. 5. FEDERAL EMPLOYEE HEALTH BENEFIT PROGRAM.**

21 For the Federal Employee Health Benefit Program,  
22 sections 2 and 3 will take effect on October 1, 1997.

23 **SEC. 6. EXEMPTION.**

24 Notwithstanding the provisions of this Act, if the pro-  
25 visions of this Act result in a 1 percent or greater increase

1 in the cost of a group health plan's premiums, the pur-  
2 chaser is exempt from the provisions of this Act.

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