ACT 78 S.B. NO. 2346

A Bill for an Act Relating to Insurance.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. The legislature finds that the epidemiological figures for mental health care needs in Hawaii, the health care State, are approximately those of the mainland. The 1994 Coopers and Lybrand actuarial report to the legislature documented mental health needs as affecting four per cent of the population covered by private indemnity plans, and substance abuse needs as affecting two and one-half per cent of that population. The 1996 Coopers and Lybrand actuarial report to the United States Congress documented mental health needs as affecting three and two-tenths per cent of the general population and substance abuse needs as affecting three and six-tenths per cent of that population.

The legislature finds that treatment costs for mental illnesses are comparable to those for other medical illnesses. For example, according to a 1993 report by the National Advisory Mental Health Council, the total cost of medical treatment and productivity loss for patients with cardiovascular disease in 1990 was $160,000,000,000 compared to $148,000,000,000 for mental illnesses. The same cost for patients with severe diabetes was $25,000,000,000 compared to $33,000,000,000 for patients with schizophrenia.

Serious mental illnesses can also be treated as effectively as other medical illnesses. For example, the treatment efficacy rate—measuring the proportion of patients who improved with treatment—for cardiovascular patients was forty-one per cent for angioplasty patients and fifty-two per cent for atherectomy patients compared to sixty per cent for schizophrenia patients, sixty-five per cent for patients with serious depression, and eighty per cent for patients with bipolar disorders.

Although treatment costs and efficacy rates for mental illnesses are comparable to those of other medical illnesses, private sector health insurance coverage for mental illnesses is not comparable to that for other medical illnesses. The legislature finds that inadequate treatment of mental illness increases health costs, economic costs, and human costs that are borne by patients, families, and the entire nation. The cost to the nation in 1990 in lost productivity stemming from workers struggling with the effects of untreated mental disorders was a staggering $63,100,000,000. Because treatment for mental illnesses is effective, productivity increases dramatically with treatment.

These facts are not lost on corporate America. Many large corporations have restructured their mental health benefits to encourage the use of more outpatient benefits and to provide a continuum of mental health care to boost productivity while simultaneously saving mental health dollars. For example, in 1989, BellSouth adopted a mental health benefit that encouraged employees to receive care in the least restrictive setting. BellSouth's bill for mental health dropped $6,000,000 in the following three years. McDonnell Douglas has also used a mental health benefit with no constraints on the type of treatment since 1989. In the first year of this benefit, the company saw a fifty per cent decrease in psychiatric inpatient admission costs, and per capita mental health costs declined by thirty-four per cent. In one year, Chevron saw a twenty-one per cent decrease in psychiatric hospital admission costs because the company implemented a provider network that covered intermediary services and encouraged outpatient care. First National Bank of Chicago saved thirty per cent in mental health and substance abuse costs over four years as a result of implementing a mental health benefit that expanded the range of services covered and reimbursed outpatient costs at eighty-five per cent. Between 1989 and 1992, the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS)

expanded its yearly outpatient psychiatric care expenditures from $81,000,000 to $103,000,000. This decision to devote an additional $22,000,000 to outpatient care resulted in a net savings of $200,000,000 (a savings of nearly tenfold) because of reduced psychiatric hospitalization.

The legislature finds that the mandated mental health benefits under chapter 431M, Hawaii Revised Statutes, favor the more costly inpatient benefits, which are driving up Hawaii health care costs. The purpose of this Act is to increase mental health outpatient benefits.

SECTION 2. Section 431M-4, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

"(a) The covered benefit under this chapter shall not be less than thirty days of in-hospital services per year. Each day of in-hospital services may be exchanged for two days of nonhospital residential services, two days of partial hospitalization services, or two days of day treatment services. Visits to a physician, psychologist, clinical social worker, or advanced practice registered nurse with a psychiatric or mental health specialty or subspecialty shall not be less than thirty visits per year to hospital or nonhospital facilities or to mental health outpatient facilities for day treatment or partial hospitalization services. Each day of in-hospital services may also be exchanged for two outpatient visits under this chapter; provided that the patient's condition is such that [hospitalization would become imminent if outpatient services were interrupted and] the outpatient services would reasonably preclude hospitalization. The total covered benefit for outpatient services [under this chapter] in subsections (b) and (c) shall not be less than [twelve] twenty-four visits per year[. The covered benefit under this chapter shall apply to any of the services in subsection (b) or (c).]; provided that coverage of twelve of the twenty-four outpatient visits shall apply only to the services under subsection (c). The other covered benefits under this chapter shall apply to any of the services in subsection (b) or (c). In the case of alcohol and drug dependence benefits, the insurance policy may limit the number of treatment episodes but may not limit the number to less than two treatment episodes per lifetime."

SECTION 3. Act 202, Session Laws of Hawaii 1998[1], as amended by Act 111, Session Laws of Hawaii 1994, is amended by amending section 3 to read as follows:

"SECTION 3. This Act shall take effect on July 1, 1989; provided that insurance or health or service plan contracts shall be amended to reflect the provisions required under this Act at the first anniversary date following the effective date, but no later than July 1, 1990; provided further that section -6 shall take effect upon the approval of this Act; and provided further that this Act shall be repealed on July 1, [1998.] 2002."

SECTION 4. Statutory material to be repealed is bracketed. New statutory material is underscored.

SECTION 5. This Act shall take effect upon its approval.

(Approved May 19, 1998.)

Note

1. Should probably be "1988".