**A BILL FOR AN ACT**

RELATING TO INSURANCE

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII

 Section 1. Chapter 431M, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

 **“431M- Parity reporting requirements.** (a) All entities that issue individual or group accident and health or sickness insurance policies, individual or group hospital or medical service corporation contracts, nonprofit mutual benefit society contracts, fraternal benefit society contracts, and health maintenance organization contracts shall submit an annual report to the Insurance Commissioner on or before January 1, 2020 that contains the following information:

(1) A description of the process used to develop or select the medical necessity criteria for mental health or alcohol use disorder and substance use disorder benefits and the process used to develop or select the medical necessity criteria for medical and surgical benefits;

(2) Identification of all non-quantitative treatment limitations (NQTLs) that are applied to both mental health or alcohol use disorder and substance use disorder benefits and medical and surgical benefits within each classification of benefits; there may be no separate NQTLs that apply to mental health or alcohol used disorder and substance use disorder benefits but do not apply to medical and surgical benefits within any classification of benefits; and

(3) The results of an analysis that demonstrates that for the medical necessity criteria described in item (1) and for each NQTL identified in item (2), as written and in operation, the processes, strategies, evidentiary standards, or other factors used in applying the medical necessity criteria and each NQTL to mental health or alcohol use disorder and substance use disorder benefits within each classification of benefits are comparable to, and are applied no more stringently than, the processes, strategies, evidentiary standards, or other factors used in applying the medical necessity criteria and each NQTL to medical and surgical benefits within the corresponding classification of benefits; at a minimum, the results of the analysis shall:

(A) Identify the factors used to determine that an NQTL will apply to a benefit, including factors that were considered but rejected;

(B) Identify and define the specific evidentiary standards used to define the factors and any other evidence relied upon in designing each NQTL;

(C) Provide the comparative analyses, including the results of the analyses, performed to determine that the processes and strategies used to design each NQTL, as written, and the as written processes and strategies used to apply the NQTL to mental health or alcohol use disorder and substance use disorder benefits are comparable to, and are applied no more stringently than, the processes and strategies used to design each NQTL, as written, and the as written processes and strategies used to apply the NQTL to medical and surgical benefits;

(D) Provide the comparative analyses, including the results of the analyses, performed to determine that the processes and strategies used to apply each NQTL, in operation, for mental health or alcohol use disorder and substance use disorder benefits are comparable to, and applied no more stringently than, the processes or strategies used to apply each NQTL, in operation, for medical and surgical benefits; and

(E) Disclose the specific findings and conclusions reached by the entity that the results of the analyses above indicate that the entity is in compliance with this section and the Mental Health Parity and Addiction Equity Act of 2008 and its implementing and related regulations, which includes 45 CFR 146.136, 45 CFR 147.160, and 45 CFR 156.115(a)(3).

SECTION 2. This act shall take effect on July 1, 2019.