# AN ACT relating to mental health parity.

***Be it enacted by the General Assembly of the Commonwealth of Kentucky:***

# SECTION 1. A NEW SECTION OF KRS 304.17A-670 TO 304.17A-676 IS CREATED TO READ AS FOLLOWS:

As used in KRS 304.17A-670 to 304.17A-678 as it pertains to mental health parity:

## (1) "Health benefit plan" has the same meaning as in KRS 304.17A-005;

## (2) "Insurer" has the same meaning as in KRS 304.17A-005;

## (3) "Mental health condition" has the same meaning as in KRS 304.17A-660; and

## (4) "Nonquantitative treatment limitation" ***means limitations that are not expressed numerically but otherwise limit the scope or duration of benefits for treatment.***

# SECTION 2. A NEW SECTION OF KRS CHAPTER 304 IS CREATED TO READ AS FOLLOWS:

# ***All insurers that issue, deliver, or renew any health benefit plan that provides coverage for treatment of mental health conditions must submit an annual report to the commissioner on or January 31st that contains the following information:***

# ***A description of the process used to develop or select the medical necessity criteria for mental health condition benefits and the process used to develop or select the medical necessity criteria for medical and surgical benefits;***

# ***Identification of all non-quantitative treatment limitations (NQTLs) that are applied to both mental health condition benefits and medical and surgical benefits within each classification of benefits; there may be no separate NQTLs that apply to mental health condition benefits but do not apply to medical and surgical benefits within any classification of benefits;***

# ***The results of an analysis that demonstrates that for the medical necessity criteria described in item (a) and for each NQTL identified in item (b), 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 condition 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:***

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

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

# ***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 condition 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;***

# ***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 condition 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***

# ***Disclose the specific findings and conclusions reached by the insurer that the results of the analyses above indicate that the insurer 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 3. A NEW SECTION OF KRS CHAPTER 304 IS CREATED TO READ AS FOLLOWS:

# ***The commissioner shall implement and enforce applicable provisions of the Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act of 2008, and any amendments to, and any federal guidance or regulations relevant to, that act, including 45 CFR 146.136, 45 CFR 147.136, 45 CFR 147.160, and 45 CFR 156.115(a)(3), which includes:***

# ***Proactively ensuring compliance by insurers that issue, deliver, or renew any health benefit plan that provides coverage for treatment of mental health conditions;***

# ***Evaluating all consumer or provider complaints regarding mental health condition coverage for possible parity violations;***

# ***Performing parity compliance market conduct examinations of insurers that issue, deliver, or renew any health benefit plan that provides coverage for treatment of mental health conditions, particularly market conduct examinations that focus on nonquantitative treatment limitations such as prior authorization, concurrent review, retrospective review, step-therapy, network admission standards, reimbursement rates, and geographic restrictions, among other nonquantitative treatment limitations;***

# ***Requesting that insurers that issue, deliver, or renew any health benefit plan that provides coverage for treatment of mental health conditions submit comparative analyses during the form review process demonstrating how they design and apply nonquantitative treatment limitations, both as written and in operation, for mental health condition benefits as compared to how they design and apply nonquantitative treatment limitations, as written and in operation, for medical and surgical benefits; and***

# ***The Commissioner may adopt rules, under KRS 304.2-110, as may be necessary to effectuate any provisions of the Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act of 2008 that relate to the business of insurance.***

# SECTION 4. A NEW SECTION OF KRS CHAPTER 304 IS CREATED TO READ AS FOLLOWS:

# ***Not later than March 1st, 2020, the commissioner shall issue a report and educational presentation to the Legislature, which shall:***

# ***Cover the methodology the commissioner is using to check for compliance with the federal Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act of 2008 (MHPAEA), and any federal regulations or guidance relating to the compliance and oversight of MHPAEA;***

# ***Cover the methodology the commissioner is using to check for compliance with KRS 304.17A-660 to 304.17A-669;***

# ***Identify market conduct examinations conducted or completed during the preceding 12-month period regarding compliance with parity in mental health condition benefits under state and federal laws and summarize the results of such market conduct examinations;***

# ***Detail any educational or corrective actions the commissioner has taken to ensure insurer compliance with MHPAEA KRS 304.17A-660 to 304.17A-669; and***

# ***The report must be written in non-technical, readily understandable language and shall be made available to the public by, among such other means as the commissioner finds appropriate, posting the report on the website of the department of insurance.***

# SECTION 5. A NEW SECTION OF KRS CHAPTER 304 IS CREATED TO READ AS FOLLOWS:

# ***All insurers that issue, deliver, or renew any health benefit plan that provides coverage of prescription medications for the treatment of alcohol or drug abuse shall comply with the following requirements:***

# ***All insurers that issue, deliver, or renew any health benefit plan that provides coverage of prescription medications for the treatment of alcohol or drug abuse shall not impose any prior authorization requirements on any prescription medication approved by the federal Food and Drug Administration (FDA) for the treatment of alcohol or drug abuse.***

# ***All insurers that issue, deliver, or renew any health benefit plan that provides coverage of prescription medications for the treatment of alcohol or drug abuse shall not impose any step therapy requirements before the insurer will authorize coverage for a prescription medication approved by the FDA for the treatment of alcohol or drug abuse.***

# ***All insurers that issue, deliver, or renew any health benefit plan that provides coverage of prescription medications for the treatment of alcohol or drug abuse shall place all prescription medications approved by the FDA for the treatment of alcohol or drug abuse on the lowest tier of the drug formulary developed and maintained by the insurer.***

# ***All insurers that issue, deliver, or renew any health benefit plan that provides coverage of prescription medications for the treatment of alcohol or drug abuse shall not exclude coverage for any prescription medication approved by the FDA for the treatment of alcohol or drug abuse and any associated counseling or wraparound services on the grounds that such medications and services were court ordered.***