

1 AN ACT relating to mental health parity.

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

3 ➔Section 1. KRS 304.17A-660 is amended to read as follows:

4 As used in KRS 304.17A-660 to 304.17A-669, unless the context requires otherwise:

5 (1) **"Classification of benefits" means the classification of benefits set forth in 45**

6 **C.F.R. sec. 146.136(c)(2)(ii)(A);**

7 **(2)** "Mental health condition" means any condition or disorder that involves mental  
8 illness or substance use disorder as defined in KRS 222.005 and that falls under any  
9 of the diagnostic categories listed in the **most recent version of the** Diagnostic and  
10 Statistical Manual of Mental Disorders~~[(Fourth Edition)]~~ or that is listed in the  
11 mental disorders section of the **most recent version of the** International  
12 Classification of Disease~~[, or the most recent subsequent editions];~~

13 **(3) [(2)]** **"Nonquantitative treatment limitation" means any limitation that is not**  
14 **expressed numerically but otherwise limits the scope or duration of benefits for**  
15 **treatment;**

16 **(4)** "Terms or conditions" includes day or visit limits, episodes of care, any lifetime or  
17 annual payment limits, deductibles, copayments, prescription coverage,  
18 coinsurance, out-of-pocket limits, and any other cost-sharing requirements; and

19 **(5) [(3)]** "Treatment of a mental health condition" includes but is not limited to any  
20 necessary outpatient, inpatient, residential, partial hospitalization, day treatment,  
21 emergency detoxification, or crisis stabilization services.

22 ➔Section 2. KRS 304.17A-661 is amended to read as follows:

23 (1) Notwithstanding any other provision of law:~~[,]~~

24 **(a) 1.** A health benefit plan issued or renewed **on or** after **the effective date of**  
25 **this Act**~~[July 14, 2000]~~, that provides coverage for treatment of a mental  
26 health condition shall provide coverage of any treatment **off**~~[for]~~ a mental  
27 health condition under~~[the same]~~ terms or conditions **that are no more**

1 restrictive than the terms or conditions~~[as]~~ provided for treatment of a  
2 physical health condition.

3 ~~2.[(2)]~~ Expenses for mental health and physical health conditions shall be  
4 combined for purposes of meeting deductible and out-of-pocket limits  
5 required under a health benefit plan.

6 ~~3.[(3)]~~ A health benefit plan that does not otherwise provide for  
7 management of care under the plan or that does not provide for the same  
8 degree of management of care for all health or mental health conditions  
9 may provide coverage for treatment of mental health conditions through  
10 a managed care organization;~~[-~~

11 ~~(4) For the purposes of a health benefit plan issued or renewed on or after July 14,~~  
12 ~~2000, any mental health condition that is excluded from the standard health benefit~~  
13 ~~plan authorized by KRS 304.17A-250 and in effect on January 1, 2000, may~~  
14 ~~continue as an exclusion under this section.]~~

15 **(b) With respect to mental health condition benefits in any classification of**  
16 **benefits, a health benefit plan required to comply with paragraph (a) of this**  
17 **subsection shall not impose:**

18 **1. A nonquantitative treatment limitation that does not apply to medical**  
19 **and surgical benefits in the same classification; and**

20 **2. Medical necessity criteria or a nonquantitative treatment limitation**  
21 **unless, under the terms of the plan, as written and in operation, any**  
22 **processes, strategies, evidentiary standards, or other factors used in**  
23 **applying the criteria or limitation to mental health condition benefits**  
24 **in the classification are comparable to, and are applied no more**  
25 **stringently than, the processes, strategies, evidentiary standards, or**  
26 **other factors used in applying the criteria or limitation to medical and**  
27 **surgical benefits in the same classification; and**

1        (c) Paragraph (b) of this subsection shall be construed to require, at a  
2        minimum, compliance with the requirements for nonquantitative treatment  
3        limitations set forth in the Mental Health Parity and Addiction Equity Act  
4        of 2008, 42 U.S.C. sec. 300gg-26, as amended, and any related federal  
5        regulations, as amended, including but not limited to 45 C.F.R. sec.  
6        146.136, 45 C.F.R. sec. 147.160, and 45 C.F.R. sec. 156.115(a)(3).

7        (2) (a) An insurer that issues or renews a health benefit plan that is subject to the  
8        provisions of this section shall submit an annual report to the commissioner  
9        on or before April 1 of each year following the effective date of this Act that  
10       contains the following:

11       1. A description of the process used to develop or select the medical  
12       necessity criteria for both mental health condition benefits and  
13       medical and surgical benefits;

14       2. Identification of all nonquantitative treatment limitations applicable to  
15       benefits and services covered under the plan that are applied to both  
16       mental health condition benefits and medical and surgical benefits  
17       within each classification of benefits;

18       3. The results of an analysis that demonstrates compliance with  
19       subsection (1)(b) and (c) of this section for the medical necessity  
20       criteria described in subparagraph 1. of this paragraph and for each  
21       nonquantitative treatment limitation identified in subparagraph 2. of  
22       this paragraph, as written and in operation. At a minimum, the results  
23       of the analysis shall:

24       a. Identify the factors used to determine that a nonquantitative  
25       treatment limitation will apply to a benefit, including factors that  
26       were considered but rejected;

27       b. Identify and define the specific evidentiary standards used to

1 define the factors and any other evidence relied upon in  
2 designing each nonquantitative treatment limitation;

3 c. Provide the comparative analyses, including the results of the  
4 analyses, performed to determine that the processes and  
5 strategies:

6 i. Used to design each nonquantitative treatment limitation,  
7 as written, and the as-written processes and strategies used  
8 to apply the nonquantitative treatment limitation to mental  
9 health condition benefits are comparable to, and are  
10 applied no more stringently than, the processes and  
11 strategies used to design each nonquantitative treatment  
12 limitation, as written, and the as-written processes and  
13 strategies used to apply the nonquantitative treatment  
14 limitation to medical and surgical benefits; and

15 ii. Used to apply each nonquantitative treatment limitation, in  
16 operation, for mental health condition benefits are  
17 comparable to, and are applied no more stringently than,  
18 the processes and strategies used to apply each  
19 nonquantitative treatment limitation, in operation, for  
20 medical and surgical benefits; and

21 d. Disclose the specific findings and conclusions reached by the  
22 insurer that the results of the analyses performed under this  
23 subparagraph indicate that the insurer is in compliance with  
24 subsection (1)(b) and (c) of this section; and

25 4. Any additional information that may be prescribed by the  
26 commissioner for use in determining compliance with the  
27 requirements of this section.

1           **(b) The annual report shall be submitted in a manner and format prescribed by**  
 2           **the commissioner through administrative regulation.**

3       ~~(3)~~~~(5)~~    A **willful** violation of this section shall constitute an act of discrimination and  
 4           shall be an unfair trade practice under this chapter. The remedies provided under  
 5           Subtitle 12 of this chapter shall apply to conduct in violation of this section.

6           ➔Section 3. KRS 304.17A-669 is amended to read as follows:

7       (1) Nothing in KRS 304.17A-660 to 304.17A-669 shall be construed as mandating  
 8           coverage for mental health conditions.

9       (2) **A group health benefit plan covering fewer than fifty-one (51) employees that is**  
 10           **not otherwise required to provide parity in mental health condition benefits under**  
 11           **federal law**~~[The following]~~ shall be exempt from the provisions of KRS 304.17A-  
 12           660 to 304.17A-669~~;~~:

13           ~~(a) A group health benefit plan covering fewer than fifty one (51) employees;~~

14           ~~(b) An individual health benefit plan; and~~

15           ~~(c) An employer organized association as defined in KRS 304.17A-005].~~

16           ➔Section 4. This Act takes effect on January 1, 2022.