

**SUBSTITUTE FOR  
SENATE BILL NO. 27**

A bill to amend 1956 PA 218, entitled  
"The insurance code of 1956,"  
(MCL 500.100 to 500.8302) by adding section 3406hh.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           **Sec. 3406hh. (1) An insurer that delivers, issues for**  
2 **delivery, or renews in this state a health insurance policy shall**  
3 **provide coverage for mental health and substance use disorder**  
4 **services. All of the following apply to the coverage required under**  
5 **this subsection:**

6           **(a) Any financial requirements or quantitative treatment**  
7 **limitations applicable to mental health and substance use disorder**  
8 **benefits in any classification must be no more restrictive than the**  
9 **predominant financial requirements or quantitative treatment**

1 limitations applied to substantially all benefits provided for  
2 medical/surgical benefits in the same classification and there must  
3 be no separate cumulative financial requirements that are  
4 applicable only with respect to mental health or substance use  
5 disorder benefits.

6 (b) Except as otherwise provided in subsections (3) and (4),  
7 nonquantitative treatment limitations may be imposed on mental  
8 health or substance use disorder benefits in any classification  
9 only if the processes, strategies, evidentiary standards, or other  
10 factors used in developing and applying the nonquantitative  
11 treatment limitation to mental health or substance use disorder  
12 benefits in the same classification are comparable to, and are  
13 applied no more stringently than, the processes, strategies,  
14 evidentiary standards, or other factors used in developing and  
15 applying the limitation with respect to medical/surgical benefits  
16 in the same classification.

17 (c) The insurer may divide its benefits furnished on an  
18 outpatient basis into the following subclassifications:

19 (i) Office visits, such as physician visits.

20 (ii) Any other outpatient benefit, such as outpatient surgery,  
21 facility charges for day treatment centers, laboratory charges, and  
22 other medical items.

23 (2) Benefits provided under subsection (1) must meet all  
24 applicable federal parity requirements, including, but not limited  
25 to, 42 USC 300gg-26 and the regulations promulgated under that  
26 section. An insurer that meets the federal parity requirements  
27 described in this subsection is considered to meet the requirements  
28 under subsection (1) if the federal parity requirements are not  
29 less stringent than the requirements under subsection (1).

1           (3) If a health insurance policy provides benefits through  
2 multiple tiers of in-network providers, including an in-network  
3 tier of preferred providers with more generous cost-sharing to  
4 participants than a separate in-network tier of participating  
5 providers, the health plan may divide its benefits provided on an  
6 in network basis into subclassifications that reflect network  
7 tiers, if the tiering is based on reasonable factors determined in  
8 accordance with the requirements for nonquantitative treatment  
9 limits and without regard to whether a provider provides services  
10 with respect to medical and surgical benefits or mental health or  
11 substance use disorder benefits. After the subclassifications are  
12 established, the health insurance policy must not impose any  
13 financial requirement or treatment limitation on mental health or  
14 substance use disorder benefits in any subclassification that is  
15 more restrictive than the predominant financial requirement or  
16 treatment limit that applies to substantially all medical and  
17 surgical benefits in the subclassification.

18           (4) If a health insurance policy applies different levels of  
19 financial requirements to different tiers of prescription drug  
20 benefits that are based on reasonable factors determined in  
21 accordance with the requirements for nonquantitative treatment  
22 limits and without regard to whether a drug is generally prescribed  
23 with respect to medical and surgical benefits or with respect to  
24 mental health or substance use disorder benefits, the health plan  
25 satisfies the parity requirements of this section with respect to  
26 prescription drug benefits. As used in this subsection, "reasonable  
27 factors" include cost, efficacy, generic versus brand name drugs,  
28 and mail order versus pharmacy pick-up.

29           (5) As used in this section:

1 (a) "Classification" means any 1 of the following:

2 (i) Inpatient in-network.

3 (ii) Inpatient out-of-network.

4 (iii) Outpatient in-network.

5 (iv) Outpatient out-of-network.

6 (v) Emergency services.

7 (vi) Prescription drugs.

8 (b) "Financial requirements" means deductibles, copayments,  
9 coinsurance, and out-of-pocket maximums. Financial requirements do  
10 not include aggregate lifetime or annual dollar limits.

11 (c) "Nonquantitative treatment limitations" means those  
12 limitations that are not expressed numerically but otherwise limit  
13 the scope or duration of benefits for treatment under a health  
14 insurance policy or coverage and includes, but is not limited to,  
15 the limitations described under 45 CFR 146.136. Nonquantitative  
16 treatment limitations do not include a complete exclusion of all  
17 benefits for a certain condition or disorder.

18 (d) "Predominant" means that term as defined in 45 CFR  
19 146.136.

20 (e) "Quantitative treatment limitations" includes limitations  
21 that are expressed numerically, such as limits on benefits based on  
22 the frequency of treatment, number of visits, days of coverage,  
23 days in a waiting period, or other similar limits on the scope or  
24 duration of treatment, and includes, but is not limited to, the  
25 limitations described under 45 CFR 146.136. Quantitative treatment  
26 limitations do not include a complete exclusion of all benefits for  
27 a certain condition or disorder.

28 (f) "Substantially all" means that term as defined in 45 CFR  
29 146.136.