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**STATE CORPORATION COMMISSION  
BUREAU OF INSURANCE**

June 26, 1986

Administrative Letter  
1986-13

TO: All Health Maintenance Organizations

RE: Requirements for Coverage for Mental Illness and Substance Abuse

Effective July 1, 1986 §38.2-4300 of the Code of Virginia provides that basic health care services shall include limited treatment of mental illness and substance abuse in accordance with minimum standards prescribed by the State Corporation Commission. These standards shall not exceed the level of services mandated for insurance carriers pursuant to Article 2 (§38.2-3408 et seq) of Chapter 34 of Title 38.2.

The purpose of this letter is to advise all health maintenance organizations licensed in Virginia that the standards prescribed by the Commission shall be those set forth in §§38.2-3412 and 38.2-3413 of the Code. It is the intent to administer this requirement in a manner consistent with the manner in which it is administered with commercial insurers and health services plans.

The following actions are required for implementation of the expanded definition of basic health care services:

1. All new filings of group or individual agreements or evidences of coverage, in order to be approved by the Bureau of Insurance on or after July 1, 1986, must provide, as a minimum, the benefits required by §38.2-3412.A. of the Code of Virginia, as amended.
2. No group or individual agreement or evidence of coverage form approved prior to July 1, 1986 is to be issued or renewed after September 30, 1986 unless it has been amended to provide, as a minimum, the benefits required by §38.2-3412.A. of the Code of Virginia, as amended, using forms approved by the Bureau of Insurance.
3. Each Health Maintenance Organization is instructed to develop appropriate procedures for offering the optional benefits mandated by §§38.2-3412.B and 38.2-3413. Contract, evidence of coverage forms, and/or appropriate amendments should be developed and submitted to the Bureau of Insurance for approval, so that the coverages required to be offered under §§38.2-3412.B. and 38.2-3413 can be provided when accepted by the group purchaser.

4. No group agreement or related evidence of coverage form approved prior to July 1, 1986 is to be issued or renewed after September 30, 1986 unless the optional benefits mandated by §§38.2-3412.B. and 38.2-3413 have been made available to the group purchaser and, if accepted, have been incorporated into the group agreement and any related evidence of coverage using forms approved by the Bureau of Insurance.
5. All claims for mental illness or substance abuse treatment rendered on or after July 1, 1986 shall be covered as required by §38.2-3412.A. and C whether or not such coverage is reflected in the evidence of coverage on such date.

It is suggested that each Health Maintenance Organization develop a means of demonstrating that the group purchaser was given an opportunity to accept or decline the optional benefits mandated by §§38.2-3412.B. and 38.2-3413. This may be by modification to applications for group coverage, separate letters, or any other means that may be verified for future audit purposes.

Enclosed for your convenience are copies of §§38.2-3412 and 38.2-3413 of the Code. If, after review, there are any questions concerning the contents of these sections of the Insurance Code or this letter, please contact Mr. Robert L. Wright, on my staff, who will be pleased to assist you.

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Yours truly,

  
James M. Thomson  
Commissioner

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