

# ASSEMBLY APPROPRIATIONS COMMITTEE

## STATEMENT TO

[First Reprint]

### ASSEMBLY, No. 3588

# STATE OF NEW JERSEY

DATED: JANUARY 6, 2000

The Assembly Appropriations Committee reports favorably Assembly Bill No. 3588 (1R).

Assembly Bill No. 3588 (1R) requires that the State Health Benefits Commission provide the same coverage for biologically-based mental illness to persons covered under the State Health Benefits Program (SHBP) as that required for other health insurers and health maintenance organizations under P.L.1999, c.106.

The bill requires that coverage be provided for "biologically-based mental illness" under the same terms and conditions as provided for any other sickness under the contract; the bill defines "biologically-based mental illness" as a mental or nervous condition that is caused by a biological disorder of the brain and results in a clinically significant or psychological syndrome or pattern that substantially limits the functioning of the person with the illness. The bill defines "same terms and conditions" to mean that a health insurance carrier cannot apply different copayments, deductibles or benefit limits to biologically-based mental health benefits than those applied to other medical or surgical benefits. The bill states that it does not change the manner in which a health insurance carrier determines medical necessity or entitlement to reimbursement. The bill requires that the State Health Benefits Commission notify employees regarding the coverage required by this bill.

#### FISCAL IMPACT:

The SHBP offers employees a choice of coverage under several health maintenance organizations (HMOs), a self-funded fee-for-service major medical and surgical plan (Traditional Plan), and a point-of-service plan (NJ PLUS).

The Division of Pension and Benefits in the Department of the Treasury has indicated that all SHBP HMO plans currently meet the requirements of the federal Mental Health Parity Act (Title VII of Pub.L.104-204) and meet the requirements of the bill.

The Traditional Plan and NJ Plus have annual and aggregate lifetime benefit limits on expenses incurred expenses that do not meet the requirements of the federal Mental Health Parity Act (for which a

federal mental health parity exemption has been filed for 1999 and 2000). The cost impact, if any, of the bill on these plans cannot be estimated at this time.

Because the Traditional Plan and NJ PLUS do currently provide mental health benefits, any cost effect would be due to the incremental effect of raising the current limits, and cannot be determined from currently available cost information. Further, the "biologically-based mental illness" definition used under the bill is narrower than the definition of mental health expenditures used under the federal legislation, and federal data are not useful for estimating the effects of the bill.