

ASSEMBLY COMMITTEE SUBSTITUTE FOR  
**ASSEMBLY, No. 2077**

**STATE OF NEW JERSEY**  
**213th LEGISLATURE**

ADOPTED MARCH 3, 2008

**Sponsored by:**

**Assemblyman GORDON M. JOHNSON**

**District 37 (Bergen)**

**Assemblywoman VALERIE VAINIERI HUTTLE**

**District 37 (Bergen)**

**Assemblywoman LINDA R. GREENSTEIN**

**District 14 (Mercer and Middlesex)**

**Assemblyman PATRICK J. DIEGNAN, JR.**

**District 18 (Middlesex)**

**Assemblywoman ELEASE EVANS**

**District 35 (Bergen and Passaic)**

**Assemblywoman NILSA CRUZ-PEREZ**

**District 5 (Camden and Gloucester)**

**Co-Sponsored by:**

**Assemblywoman Wagner, Assemblymen Coutinho, Vas and  
Assemblywoman Voss**

**SYNOPSIS**

Revises statutory mental health coverage requirements and requires all health insurers and SHBP to cover treatment for alcoholism and other substance-use disorders under same terms and conditions as for other diseases or illnesses.

**CURRENT VERSION OF TEXT**

Substitute as adopted by the Assembly Health and Senior Services Committee.

**(Sponsorship Updated As Of: 6/6/2008)**



1 AN ACT concerning health care coverage for mental health services  
2 and alcoholism and other substance-use disorders and revising  
3 parts of the statutory law.  
4

5 **BE IT ENACTED** by the Senate and General Assembly of the State  
6 of New Jersey:

7  
8 1. Section 1 of P.L.1999, c.106 (C.17:48-6v) is amended to read  
9 as follows:

10 1. a. (1) Every individual and group hospital service  
11 corporation contract that provides hospital or medical expense  
12 benefits and is delivered, issued, executed or renewed in this State  
13 pursuant to P.L.1938, c.366 (C.17:48-1 et seq.), or approved for  
14 issuance or renewal in this State by the Commissioner of Banking  
15 and Insurance, on or after the effective date of this act shall provide  
16 coverage for biologically-based mental illness under the same terms  
17 and conditions as provided for any other sickness under the  
18 contract.

19 In addition, the hospital service corporation contract shall  
20 provide coverage for serious non-biologically-based mental illness  
21 under the same terms and conditions as provided for any other  
22 sickness under the contract; however, coverage for treatment of  
23 alcoholism and other substance-use disorders shall be subject to the  
24 provisions of section 1 of P.L.1977, c.115 (C.17:48-6a).

25 (2) As used in this section:

26 "Biologically-based mental illness" means a mental or nervous  
27 condition that is caused by a biological disorder of the brain and  
28 results in a clinically significant or psychological syndrome or  
29 pattern that substantially limits the functioning of the person with  
30 the illness, including but not limited to, schizophrenia,  
31 schizoaffective disorder, major depressive disorder, bipolar  
32 disorder, paranoia and other psychotic disorders, obsessive-  
33 compulsive disorder, panic disorder and pervasive developmental  
34 disorder or autism.

35 "Serious non-biologically-based mental illness" means a mental  
36 or nervous condition that is primarily treated with psychotherapy or  
37 psychotropic medication but is not caused by a biological disorder  
38 of the brain and results in a clinically significant or psychological  
39 syndrome or pattern that substantially limits the function of the  
40 person with the illness, including, but not limited to, dysthymic  
41 disorder, post-traumatic stress disorder, borderline personality  
42 disorder, bulimia, anorexia and other eating disorders, and other  
43 illnesses found in the Diagnostic and Statistical Manual of Mental  
44 Disorders as determined by regulation of the Commissioner of

**EXPLANATION** – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 Banking and Insurance, in consultation with the Commissioner of  
2 Health and Senior Services.

3 "Same terms and conditions" means that the hospital service  
4 corporation cannot apply different copayments, deductibles or  
5 benefit limits, including day or visit limits or annual or lifetime  
6 dollar limits, to biologically-based or other mental health benefits,  
7 as applicable, than those applied to other medical or surgical  
8 benefits.

9 b. Nothing in this section shall be construed to change the  
10 manner in which a hospital service corporation determines:

11 (1) whether a mental health care service meets the medical  
12 necessity standard as established by the hospital service  
13 corporation; or

14 (2) which providers shall be entitled to reimbursement for  
15 providing services for mental illness under the contract.

16 c. Notwithstanding any other provision of law to the contrary,  
17 the coverage required pursuant to this section may be subject to  
18 utilization review as performed by the hospital service corporation  
19 or its designated utilization review organization.

20 d. The provisions of this section shall apply to all contracts in  
21 which the hospital service corporation has reserved the right to  
22 change the premium.

23 e. Notwithstanding the provisions of subsection a. of this section  
24 to the contrary:

25 (1) The financial requirements applicable to coverage for mental  
26 illness as provided in this section shall be no more restrictive than  
27 the financial requirements applied to substantially all medical and  
28 surgical benefits covered by the contract, including deductibles,  
29 copayments, coinsurance, out-of-pocket expenses, and annual and  
30 lifetime limits, and the contract may not establish separate cost-  
31 sharing requirements that are applicable only with respect to  
32 coverage for mental illness; and

33 (2) The treatment limitations applicable to coverage for mental  
34 illness shall be no more restrictive than the treatment limitations  
35 applied to substantially all medical and surgical benefits covered by  
36 the contract, including limits on the frequency of treatment, number  
37 of visits, days of coverage, or other similar limits on the scope or  
38 duration of treatment.

39 (cf: P.L.1999, c.106, s.1)

40

41 2. Section 2 of P.L.1999, c.106 (C.17:48A-7u) is amended to  
42 read as follows:

43 2. a. (1) Every individual and group medical service  
44 corporation contract that provides hospital or medical expense  
45 benefits that is delivered, issued, executed or renewed in this State  
46 pursuant to P.L.1940, c.74 (C.17:48A-1 et seq.), or approved for  
47 issuance or renewal in this State by the Commissioner of Banking  
48 and Insurance, on or after the effective date of this act shall provide

1 coverage for biologically-based mental illness under the same terms  
2 and conditions as provided for any other sickness under the  
3 contract.

4 In addition, the medical service corporation contract shall  
5 provide coverage for serious non-biologically-based mental illness  
6 under the same terms and conditions as provided for any other  
7 sickness under the contract; however, coverage for treatment of  
8 alcoholism and other substance-use disorders shall be subject to the  
9 provisions of section 1 of P.L.1977, c.117 (C.17:48A-7a).

10 (2) As used in this section:

11 "Biologically-based mental illness" means a mental or nervous  
12 condition that is caused by a biological disorder of the brain and  
13 results in a clinically significant or psychological syndrome or  
14 pattern that substantially limits the functioning of the person with  
15 the illness, including but not limited to, schizophrenia,  
16 schizoaffective disorder, major depressive disorder, bipolar  
17 disorder, paranoia and other psychotic disorders, obsessive-  
18 compulsive disorder, panic disorder and pervasive developmental  
19 disorder or autism.

20 "Serious non-biologically-based mental illness" means a mental  
21 or nervous condition that is primarily treated with psychotherapy or  
22 psychotropic medication but is not caused by a biological disorder  
23 of the brain and results in a clinically significant or psychological  
24 syndrome or pattern that substantially limits the function of the  
25 person with the illness, including, but not limited to, dysthymic  
26 disorder, post-traumatic stress disorder, borderline personality  
27 disorder, bulimia, anorexia and other eating disorders, and other  
28 illnesses found in the Diagnostic and Statistical Manual of Mental  
29 Disorders as determined by regulation of the Commissioner of  
30 Banking and Insurance, in consultation with the Commissioner of  
31 Health and Senior Services.

32 "Same terms and conditions" means that the medical service  
33 corporation cannot apply different copayments, deductibles or  
34 benefit limits, including day or visit limits or annual or lifetime  
35 dollar limits, to biologically-based or other mental health benefits,  
36 as applicable, than those applied to other medical or surgical  
37 benefits.

38 b. Nothing in this section shall be construed to change the  
39 manner in which a medical service corporation determines:

40 (1) whether a mental health care service meets the medical  
41 necessity standard as established by the medical service  
42 corporation; or

43 (2) which providers shall be entitled to reimbursement for  
44 providing services for mental illness under the contract.

45 c. Notwithstanding any other provision of law to the contrary,  
46 the coverage required pursuant to this section may be subject to  
47 utilization review as performed by the medical service corporation  
48 or its designated utilization review organization.

1       d. The provisions of this section shall apply to all contracts in  
2 which the medical service corporation has reserved the right to  
3 change the premium.

4       e. Notwithstanding the provisions of subsection a. of this section  
5 to the contrary:

6       (1) The financial requirements applicable to coverage for mental  
7 illness as provided in this section shall be no more restrictive than  
8 the financial requirements applied to substantially all medical and  
9 surgical benefits covered by the contract, including deductibles,  
10 copayments, coinsurance, out-of-pocket expenses, and annual and  
11 lifetime limits, and the contract may not establish separate cost-  
12 sharing requirements that are applicable only with respect to  
13 coverage for mental illness; and

14       (2) The treatment limitations applicable to coverage for mental  
15 illness shall be no more restrictive than the treatment limitations  
16 applied to substantially all medical and surgical benefits covered by  
17 the contract, including limits on the frequency of treatment, number  
18 of visits, days of coverage, or other similar limits on the scope or  
19 duration of treatment.

20 (cf: P.L.1999, c.106, s.2)

21  
22       3. Section 3 of P.L.1999, c.106 (C.17:48E-35.20) is amended to  
23 read as follows:

24       3. (1) a. Every individual and group health service corporation  
25 contract that provides hospital or medical expense benefits and is  
26 delivered, issued, executed or renewed in this State pursuant to  
27 P.L.1985, c.236 (C.17:48E-1 et seq.), or approved for issuance or  
28 renewal in this State by the Commissioner of Banking and  
29 Insurance, on or after the effective date of this act shall provide  
30 coverage for biologically-based mental illness under the same  
31 terms and conditions as provided for any other sickness under the  
32 contract.

33       In addition, the health service corporation contract shall provide  
34 coverage for serious non-biologically-based mental illness under the  
35 same terms and conditions as provided for any other sickness under  
36 the contract; however, coverage for treatment of alcoholism and  
37 other substance-use disorders shall be subject to the provisions of  
38 section 34 of P.L.1985, c.236 (C.17:48E-34).

39       (2) As used in this section:

40       "Biologically-based mental illness" means a mental or nervous  
41 condition that is caused by a biological disorder of the brain and  
42 results in a clinically significant or psychological syndrome or  
43 pattern that substantially limits the functioning of the person with  
44 the illness, including but not limited to, schizophrenia,  
45 schizoaffective disorder, major depressive disorder, bipolar  
46 disorder, paranoia and other psychotic disorders, obsessive-  
47 compulsive disorder, panic disorder and pervasive developmental  
48 disorder or autism.

1       “Serious non-biologically-based mental illness” means a mental  
2 or nervous condition that is primarily treated with psychotherapy or  
3 psychotropic medication but is not caused by a biological disorder  
4 of the brain and results in a clinically significant or psychological  
5 syndrome or pattern that substantially limits the function of the  
6 person with the illness, including, but not limited to, dysthymic  
7 disorder, post-traumatic stress disorder, borderline personality  
8 disorder, bulimia, anorexia and other eating disorders, and other  
9 illnesses found in the Diagnostic and Statistical Manual of Mental  
10 Disorders as determined by regulation of the Commissioner of  
11 Banking and Insurance, in consultation with the Commissioner of  
12 Health and Senior Services.

13       "Same terms and conditions" means that the health service  
14 corporation cannot apply different copayments, deductibles or  
15 benefit limits, including day or visit limits or annual or lifetime  
16 dollar limits, to biologically-based or other mental health benefits,  
17 as applicable, than those applied to other medical or surgical  
18 benefits.

19       b. Nothing in this section shall be construed to change the  
20 manner in which the health service corporation determines:

21       (1) whether a mental health care service meets the medical  
22 necessity standard as established by the health service corporation;  
23 or

24       (2) which providers shall be entitled to reimbursement for  
25 providing services for mental illness under the contract.

26       c. Notwithstanding any other provision of law to the contrary,  
27 the coverage required pursuant to this section may be subject to  
28 utilization review as performed by the health service corporation or  
29 its designated utilization review organization.

30       d. The provisions of this section shall apply to all contracts in  
31 which the health service corporation has reserved the right to  
32 change the premium.

33       e. Notwithstanding the provisions of subsection a. of this section  
34 to the contrary:

35       (1) The financial requirements applicable to coverage for mental  
36 illness as provided in this section shall be no more restrictive than  
37 the financial requirements applied to substantially all medical and  
38 surgical benefits covered by the contract, including deductibles,  
39 copayments, coinsurance, out-of-pocket expenses, and annual and  
40 lifetime limits, and the contract may not establish separate cost-  
41 sharing requirements that are applicable only with respect to  
42 coverage for mental illness; and

43       (2) The treatment limitations applicable to coverage for mental  
44 illness shall be no more restrictive than the treatment limitations  
45 applied to substantially all medical and surgical benefits covered by  
46 the contract, including limits on the frequency of treatment, number  
47 of visits, days of coverage, or other similar limits on the scope or

1 duration of treatment.  
2 (cf: P.L.1999, c.106, s.3)

3  
4 4. Section 4 of P.L.1999, c.106 (C.17B:26-2.1s) is amended to  
5 read as follows:

6 4. (1) a. Every individual health insurance policy that provides  
7 hospital or medical expense benefits and is delivered, issued,  
8 executed or renewed in this State pursuant to chapter 26 of Title  
9 17B of the New Jersey Statutes, or approved for issuance or renewal  
10 in this State by the Commissioner of Banking and Insurance, on or  
11 after the effective date of this act shall provide coverage for  
12 biologically-based mental illness under the same terms and  
13 conditions as provided for any other sickness under the contract.

14 In addition, the individual health insurance policy shall provide  
15 coverage for serious non-biologically-based mental illness under the  
16 same terms and conditions as provided for any other sickness under  
17 the policy; however, coverage for treatment of alcoholism and other  
18 substance-use disorders shall be subject to the provisions of section  
19 1 of P.L.1977, c.118 (C.17B:26-2.1).

20 (2) As used in this section:

21 "Biologically-based mental illness" means a mental or nervous  
22 condition that is caused by a biological disorder of the brain and  
23 results in a clinically significant or psychological syndrome or  
24 pattern that substantially limits the functioning of the person with  
25 the illness, including but not limited to, schizophrenia,  
26 schizoaffective disorder, major depressive disorder, bipolar  
27 disorder, paranoia and other psychotic disorders, obsessive-  
28 compulsive disorder, panic disorder and pervasive developmental  
29 disorder or autism.

30 "Serious non-biologically-based mental illness" means a mental  
31 or nervous condition that is primarily treated with psychotherapy or  
32 psychotropic medication but is not caused by a biological disorder  
33 of the brain and results in a clinically significant or psychological  
34 syndrome or pattern that substantially limits the function of the  
35 person with the illness, including, but not limited to, dysthymic  
36 disorder, post-traumatic stress disorder, borderline personality  
37 disorder, bulimia, anorexia and other eating disorders, and other  
38 illnesses found in the Diagnostic and Statistical Manual of Mental  
39 Disorders as determined by regulation of the Commissioner of  
40 Banking and Insurance, in consultation with the Commissioner of  
41 Health and Senior Services.

42 "Same terms and conditions" means that the insurer cannot apply  
43 different copayments, deductibles or benefit limits, including day or  
44 visit limits or annual or lifetime dollar limits, to biologically-based  
45 or other mental health benefits, as applicable, than those applied to  
46 other medical or surgical benefits.

47 b. Nothing in this section shall be construed to change the  
48 manner in which the insurer determines:



1 (1) whether a mental health care service meets the medical  
2 necessity standard as established by the insurer; or

3 (2) which providers shall be entitled to reimbursement for  
4 providing services for mental illness under the policy.

5 c. Notwithstanding any other provision of law to the contrary,  
6 the coverage required pursuant to this section may be subject to  
7 utilization review as performed by the insurer or its designated  
8 utilization review organization.

9 d. The provisions of this section shall apply to all policies in  
10 which the insurer has reserved the right to change the premium.

11 e. Notwithstanding the provisions of subsection a. of this section  
12 to the contrary:

13 (1) The financial requirements applicable to coverage for mental  
14 illness as provided in this section shall be no more restrictive than  
15 the financial requirements applied to substantially all medical and  
16 surgical benefits covered by the policy, including deductibles,  
17 copayments, coinsurance, out-of-pocket expenses, and annual and  
18 lifetime limits, and the policy may not establish separate cost-  
19 sharing requirements that are applicable only with respect to  
20 coverage for mental illness; and

21 (2) The treatment limitations applicable to coverage for mental  
22 illness shall be no more restrictive than the treatment limitations  
23 applied to substantially all medical and surgical benefits covered by  
24 the policy, including limits on the frequency of treatment, number  
25 of visits, days of coverage, or other similar limits on the scope or  
26 duration of treatment.

27 (cf: P.L.1999, c.106, s.4)

28

29 5. Section 5 of P.L.1999, c.106 (C.17B:27-46.1v) is amended to  
30 read as follows:

31 5. a. (1) Every group health insurance policy that provides  
32 hospital or medical expense benefits and is delivered, issued,  
33 executed or renewed in this State pursuant to chapter 27 of Title  
34 17B of the New Jersey Statutes, or approved for issuance or renewal  
35 in this State by the Commissioner of Banking and Insurance, on or  
36 after the effective date of this act shall provide benefits for  
37 biologically-based mental illness under the same terms and  
38 conditions as provided for any other sickness under the policy.

39 In addition, the group health insurance policy shall provide  
40 coverage for serious non-biologically-based mental illness under the  
41 same terms and conditions as provided for any other sickness under  
42 the policy; however, coverage for treatment of alcoholism and other  
43 substance-use disorders shall be subject to the provisions of section  
44 1 of P.L.1977, c.116 (C.17B:27-46.1).

45 (2) As used in this section:

46 "Biologically-based mental illness" means a mental or nervous  
47 condition that is caused by a biological disorder of the brain and  
48 results in a clinically significant or psychological syndrome or

1 pattern that substantially limits the functioning of the person with  
2 the illness, including but not limited to, schizophrenia,  
3 schizoaffective disorder, major depressive disorder, bipolar  
4 disorder, paranoia and other psychotic disorders, obsessive-  
5 compulsive disorder, panic disorder and pervasive developmental  
6 disorder or autism.

7 “Serious non-biologically-based mental illness” means a mental  
8 or nervous condition that is primarily treated with psychotherapy or  
9 psychotropic medication but is not caused by a biological disorder  
10 of the brain and results in a clinically significant or psychological  
11 syndrome or pattern that substantially limits the function of the  
12 person with the illness, including, but not limited to, dysthymic  
13 disorder, post-traumatic stress disorder, borderline personality  
14 disorder, bulimia, anorexia and other eating disorders, and other  
15 illnesses found in the Diagnostic and Statistical Manual of Mental  
16 Disorders as determined by regulation of the Commissioner of  
17 Banking and Insurance, in consultation with the Commissioner of  
18 Health and Senior Services.

19 "Same terms and conditions" means that the insurer cannot apply  
20 different copayments, deductibles or benefit limits, including day or  
21 visit limits or annual or lifetime dollar limits, to biologically-based  
22 or other mental health benefits, as applicable, than those applied to  
23 other medical or surgical benefits.

24 b. Nothing in this section shall be construed to change the  
25 manner in which the insurer determines:

26 (1) whether a mental health care service meets the medical  
27 necessity standard as established by the insurer; or

28 (2) which providers shall be entitled to reimbursement for  
29 providing services for mental illness under the policy.

30 c. Notwithstanding any other provision of law to the contrary,  
31 the coverage required pursuant to this section may be subject to  
32 utilization review as performed by the insurer or its designated  
33 utilization review organization.

34 d. The provisions of this section shall apply to all policies in  
35 which the insurer has reserved the right to change the premium.

36 e. Notwithstanding the provisions of subsection a. of this section  
37 to the contrary:

38 (1) The financial requirements applicable to coverage for mental  
39 illness as provided in this section shall be no more restrictive than  
40 the financial requirements applied to substantially all medical and  
41 surgical benefits covered by the policy, including deductibles,  
42 copayments, coinsurance, out-of-pocket expenses, and annual and  
43 lifetime limits, and the policy may not establish separate cost-  
44 sharing requirements that are applicable only with respect to  
45 coverage for mental illness; and

46 (2) The treatment limitations applicable to coverage for mental  
47 illness shall be no more restrictive than the treatment limitations  
48 applied to substantially all medical and surgical benefits covered by

1 the policy, including limits on the frequency of treatment, number  
2 of visits, days of coverage, or other similar limits on the scope or  
3 duration of treatment.

4 (cf: P.L.1999, c.106, s.5)

5

6 6. Section 6 of P.L.1999, c.106 (C.17B:27A-7.5) is amended to  
7 read as follows:

8 6. a. (1) Every individual health benefits plan that provides  
9 hospital or medical expense benefits and is delivered, issued,  
10 executed or renewed in this State pursuant to P.L.1992, c.161  
11 (C.17B:27A-2 et seq.) or approved for issuance or renewal in this  
12 State on or after the effective date of this act shall provide benefits  
13 for biologically-based mental illness under the same terms and  
14 conditions as provided for any other sickness under the health  
15 benefits plan.

16 In addition, the health benefits plan shall provide benefits for  
17 serious non-biologically-based mental illness under the same terms  
18 and conditions as provided for any other sickness under the plan;  
19 however, coverage for treatment of alcoholism and other substance-  
20 use disorders shall be subject to the provisions of section 14 of  
21 P.L. , c. (C. )(pending before the Legislature as this bill).

22 (2) As used in this section:

23 "Biologically-based mental illness" means a mental or nervous  
24 condition that is caused by a biological disorder of the brain and  
25 results in a clinically significant or psychological syndrome or  
26 pattern that substantially limits the functioning of the person with  
27 the illness, including but not limited to, schizophrenia,  
28 schizoaffective disorder, major depressive disorder, bipolar  
29 disorder, paranoia and other psychotic disorders, obsessive-  
30 compulsive disorder, panic disorder and pervasive developmental  
31 disorder or autism.

32 "Serious non-biologically-based mental illness" means a mental  
33 or nervous condition that is primarily treated with psychotherapy or  
34 psychotropic medication but is not caused by a biological disorder  
35 of the brain and results in a clinically significant or psychological  
36 syndrome or pattern that substantially limits the function of the  
37 person with the illness, including, but not limited to, dysthymic  
38 disorder, post-traumatic stress disorder, borderline personality  
39 disorder, bulimia, anorexia and other eating disorders, and other  
40 illnesses found in the Diagnostic and Statistical Manual of Mental  
41 Disorders as determined by regulation of the Commissioner of  
42 Banking and Insurance, in consultation with the Commissioner of  
43 Health and Senior Services.

44 "Same terms and conditions" means that the carrier cannot apply  
45 different copayments, deductibles or benefit limits, including day or  
46 visit limits or annual or lifetime dollar limits, to biologically-based  
47 or other mental health benefits, as applicable, than those applied to  
48 other medical or surgical benefits.

1 b. Nothing in this section shall be construed to change the  
2 manner in which the carrier determines:

3 (1) whether a mental health care service meets the medical  
4 necessity standard as established by the carrier; or

5 (2) which providers shall be entitled to reimbursement for  
6 providing services for mental illness under the plan.

7 c. Notwithstanding any other provision of law to the contrary,  
8 the coverage required pursuant to this section may be subject to  
9 utilization review as performed by the carrier or its designated  
10 utilization review organization.

11 d. The provisions of this section shall apply to all health benefits  
12 plans in which the carrier has reserved the right to change the  
13 premium.

14 e. Notwithstanding the provisions of subsection a. of this section  
15 to the contrary:

16 (1) The financial requirements applicable to coverage for mental  
17 illness as provided in this section shall be no more restrictive than  
18 the financial requirements applied to substantially all medical and  
19 surgical benefits covered by the plan, including deductibles,  
20 copayments, coinsurance, out-of-pocket expenses, and annual and  
21 lifetime limits, and the plan may not establish separate cost-sharing  
22 requirements that are applicable only with respect to coverage for  
23 mental illness; and

24 (2) The treatment limitations applicable to coverage for mental  
25 illness shall be no more restrictive than the treatment limitations  
26 applied to substantially all medical and surgical benefits covered by  
27 the plan, including limits on the frequency of treatment, number of  
28 visits, days of coverage, or other similar limits on the scope or  
29 duration of treatment.

30 (cf: P.L.1999, c.106, s.6)

31

32 7. Section 7 of P.L.1999, c.106 (C.17B:27A-19.7) is amended to  
33 read as follows:

34 7. a. (1) Every small employer health benefits plan that  
35 provides hospital or medical expense benefits and is delivered,  
36 issued, executed or renewed in this State pursuant to P.L.1992,  
37 c.162 (C.17B:27A-17 et seq.) or approved for issuance or renewal  
38 in this State on or after the effective date of this act shall provide  
39 benefits for biologically-based mental illness under the same terms  
40 and conditions as provided for any other sickness under the health  
41 benefits plan.

42 In addition, the health benefits plan shall provide benefits for  
43 serious non-biologically-based mental illness under the same terms  
44 and conditions as provided for any other sickness under the plan;  
45 however, coverage for treatment of alcoholism and other substance-  
46 use disorders shall be subject to the provisions of section 15 of  
47 P.L. , c. (C. )(pending before the Legislature as this bill).

48 (2) As used in this section:

1 "Biologically-based mental illness" means a mental or nervous  
2 condition that is caused by a biological disorder of the brain and  
3 results in a clinically significant or psychological syndrome or  
4 pattern that substantially limits the functioning of the person with  
5 the illness, including but not limited to, schizophrenia,  
6 schizoaffective disorder, major depressive disorder, bipolar  
7 disorder, paranoia and other psychotic disorders, obsessive-  
8 compulsive disorder, panic disorder and pervasive developmental  
9 disorder or autism.

10 "Serious non-biologically-based mental illness" means a mental  
11 or nervous condition that is primarily treated with psychotherapy or  
12 psychotropic medication but is not caused by a biological disorder  
13 of the brain and results in a clinically significant or psychological  
14 syndrome or pattern that substantially limits the function of the  
15 person with the illness, including, but not limited to, dysthymic  
16 disorder, post-traumatic stress disorder, borderline personality  
17 disorder, bulimia, anorexia and other eating disorders, and other  
18 illnesses found in the Diagnostic and Statistical Manual of Mental  
19 Disorders as determined by regulation of the Commissioner of  
20 Banking and Insurance, in consultation with the Commissioner of  
21 Health and Senior Services.

22 "Same terms and conditions" means that the carrier cannot apply  
23 different copayments, deductibles or benefit limits, including day or  
24 visit limits or annual or lifetime dollar limits, to biologically-based  
25 or other mental health benefits, as applicable, than those applied to  
26 other medical or surgical benefits.

27 b. Nothing in this section shall be construed to change the  
28 manner in which the carrier determines:

29 (1) whether a mental health care service meets the medical  
30 necessity standard as established by the carrier; or

31 (2) which providers shall be entitled to reimbursement for  
32 providing services for mental illness under the health benefits plan.

33 c. Notwithstanding any other provision of law to the contrary,  
34 the coverage required pursuant to this section may be subject to  
35 utilization review as performed by the carrier or its designated  
36 utilization review organization.

37 d. The provisions of this section shall apply to all health benefits  
38 plans in which the carrier has reserved the right to change the  
39 premium.

40 e. Notwithstanding the provisions of subsection a. of this section  
41 to the contrary:

42 (1) The financial requirements applicable to coverage for mental  
43 illness as provided in this section shall be no more restrictive than  
44 the financial requirements applied to substantially all medical and  
45 surgical benefits covered by the plan, including deductibles,  
46 copayments, coinsurance, out-of-pocket expenses, and annual and  
47 lifetime limits, and the plan may not establish separate cost-sharing  
48 requirements that are applicable only with respect to coverage for

1 mental illness; and

2 (2) The treatment limitations applicable to coverage for mental  
 3 illness shall be no more restrictive than the treatment limitations  
 4 applied to substantially all medical and surgical benefits covered by  
 5 the plan, including limits on the frequency of treatment, number of  
 6 visits, days of coverage, or other similar limits on the scope or  
 7 duration of treatment.

8 (cf: P.L.1999, c.106, s.7)

9

10 8. Section 8 of P.L.1999, c.106 (C.26:2J-4.20) is amended to  
 11 read as follows:

12 8. a. (1) Every **[enrollee agreement]** contract delivered, issued,  
 13 executed or renewed in this State pursuant to P.L.1973, c.337  
 14 (C.26:2J-1 et seq.) or approved for issuance or renewal in this State  
 15 by the Commissioner of **[Health and Senior Services]** Banking and  
 16 Insurance, on or after the effective date of this act shall provide  
 17 health care services for biologically-based mental illness under the  
 18 same terms and conditions as provided for any other sickness under  
 19 the **[agreement]** contract.

20 In addition, the contract shall provide health care services for  
 21 serious non-biologically-based mental illness under the same terms  
 22 and conditions as provided for any other sickness under the  
 23 contract; however, coverage for treatment of alcoholism and other  
 24 substance-use disorders shall be subject to the provisions of section  
 25 16 of P.L. , c. (C. )(pending before the Legislature as this  
 26 bill).

27 (2) As used in this section:

28 "Biologically-based mental illness" means a mental or nervous  
 29 condition that is caused by a biological disorder of the brain and  
 30 results in a clinically significant or psychological syndrome or  
 31 pattern that substantially limits the functioning of the person with  
 32 the illness, including but not limited to, schizophrenia,  
 33 schizoaffective disorder, major depressive disorder, bipolar  
 34 disorder, paranoia and other psychotic disorders, obsessive-  
 35 compulsive disorder, panic disorder and pervasive developmental  
 36 disorder or autism.

37 "Serious non-biologically-based mental illness" means a mental  
 38 or nervous condition that is primarily treated with psychotherapy or  
 39 psychotropic medication but is not caused by a biological disorder  
 40 of the brain and results in a clinically significant or psychological  
 41 syndrome or pattern that substantially limits the function of the  
 42 person with the illness, including, but not limited to, dysthymic  
 43 disorder, post-traumatic stress disorder, borderline personality  
 44 disorder, bulimia, anorexia and other eating disorders, and other  
 45 illnesses found in the Diagnostic and Statistical Manual of Mental  
 46 Disorders as determined by regulation of the Commissioner of  
 47 Banking and Insurance, in consultation with the Commissioner of

1 Health and Senior Services.

2 "Same terms and conditions" means that the health maintenance  
3 organization cannot apply different copayments, deductibles or  
4 health care services limits, including day or visit limits or annual or  
5 lifetime dollar limits, to biologically-based or other mental health  
6 care services, as applicable, than those applied to other medical or  
7 surgical health care services.

8 b. Nothing in this section shall be construed to change the  
9 manner in which a health maintenance organization determines:

10 (1) whether a mental health care service meets the medical  
11 necessity standard as established by the health maintenance  
12 organization; or

13 (2) which providers shall be entitled to reimbursement or to be  
14 participating providers, as appropriate, for mental health services  
15 under the [enrollee agreement] contract.

16 c. Notwithstanding any other provision of law to the contrary,  
17 the mental health care services required pursuant to this section may  
18 be subject to utilization review as performed by the health  
19 maintenance organization or its designated utilization review  
20 organization.

21 d. The provisions of this section shall apply to enrollee  
22 agreements] contracts in which the health maintenance organization  
23 has reserved the right to change the premium.

24 e. Notwithstanding the provisions of subsection a. of this section  
25 to the contrary:

26 (1) The financial requirements applicable to mental health care  
27 services as provided in this section shall be no more restrictive than  
28 the financial requirements applied to substantially all medical and  
29 surgical benefits covered by the contract, including deductibles,  
30 copayments, coinsurance, out-of-pocket expenses, and annual and  
31 lifetime limits, and the contract may not establish separate cost-  
32 sharing requirements that are applicable only with respect to mental  
33 health care services; and

34 (2) The treatment limitations applicable to mental health care  
35 services shall be no more restrictive than the treatment limitations  
36 applied to substantially all medical and surgical benefits covered by  
37 the contract, including limits on the frequency of treatment, number  
38 of visits, days of coverage, or other similar limits on the scope or  
39 duration of treatment.

40 (cf: P.L.1999, c.106, s.8)

41

42 9. Section 9 of P.L.1999, c.106 (C.34:11A-15) is amended to  
43 read as follows:

44 9. An employer in this State who provides health benefits  
45 coverage to his employees or their dependents for treatment of  
46 biologically-based or other mental illness shall **[annually], [and]**  
47 upon request of an employee **[at other times during the year],**

1 notify his employees whether the employees' coverage for treatment  
2 of **biologically-based** mental illness is subject to the requirements  
3 of this act.

4 (cf: P.L.1999, c.106, s.9)

5

6 10. Section 1 of P.L.1977, c.117 (C.17:48A-7a) is amended to  
7 read as follows:

8 1. No group or individual contract providing hospital or medical  
9 expense benefits shall be delivered, issued, executed or renewed in  
10 this State, or approved for issuance or renewal in this State by the  
11 Commissioner of Banking and Insurance, on or after the effective  
12 date of this act, unless such contract provides benefits to any  
13 subscriber or other person covered thereunder for expenses incurred  
14 in connection with the treatment of alcoholism **when such**  
15 **treatment is prescribed by a doctor of medicine** and other  
16 substance-use disorders. Such benefits shall be provided **to the**  
17 **same extent** under the same terms and conditions as provided for  
18 any other **sickness** disease or illness under the contract.

19 "Treatment of alcoholism and other substance-use disorders"  
20 includes, but is not limited to, any of the following items or services  
21 provided for treatment of alcoholism or other substance-use  
22 disorders: inpatient or outpatient treatment, including  
23 detoxification, screening and assessment, case management,  
24 medication management, psychiatric consultations and individual,  
25 group and family counseling, and relapse prevention; non-hospital  
26 residential treatment; and prevention services, including health  
27 education and individual and group counseling to encourage the  
28 reduction of risk factors for alcoholism or other substance-use  
29 disorders.

30 "Same terms and conditions" means that the medical service  
31 corporation cannot apply different copayments, deductibles or  
32 benefit limits, including day or visit limits or annual or lifetime  
33 dollar limits, to alcoholism and other substance-use disorder  
34 treatment services than those applied to other medical or surgical  
35 expense benefits.

36 Every contract shall include such benefits for the treatment of  
37 alcoholism and other substance-use disorders as are hereinafter set  
38 forth:

39 a. Inpatient or outpatient care in a **licensed hospital** health  
40 care facility licensed pursuant to P.L.1971, c.136 (C.26:2H-1 et  
41 seq.);

42 b. Treatment at a detoxification facility licensed pursuant to  
43 **P.L.1975, c.305** section 8 of P.L.1975, c.305 (C.26:2B-14);

44 c. **Confinement as an inpatient or outpatient at a licensed,**  
45 **certified, or state approved residential treatment facility, under a**  
46 **program which meets minimum standards of care equivalent to**  
47 **those prescribed by the Joint Commission on Hospital**



1 Accreditation】 Participation as an inpatient at a residential facility  
2 licensed by the Division of Addiction Services in the Department of  
3 Human Services or as an outpatient in a State-approved outpatient  
4 treatment facility that meets minimum standards of care as set forth  
5 by the Department of Human Services; and

6 d. Treatment provided by a physician or other appropriately  
7 trained, licensed health care professional.

8 Treatment **【or confinement】** at any facility shall not preclude  
9 further or additional treatment at any other eligible facility;  
10 provided, however, that the benefit days used do not exceed the  
11 total number of benefit days provided for any other **【sickness】**  
12 disease or illness under the contract.

13 Nothing in this section shall be construed to prohibit the medical  
14 service corporation from determining if the treatment of alcoholism  
15 and other substance-use disorders is medically necessary.

16 Nothing in this section shall be construed to change the manner  
17 in which the medical service corporation determines which health  
18 care providers shall be entitled to reimbursement for providing  
19 treatment services under the contract.

20 Notwithstanding any other provision of law to the contrary, the  
21 coverage required pursuant to this section may be subject to  
22 utilization review as performed by the medical service corporation  
23 or its designated utilization review organization.

24 Notwithstanding the provisions of this section to the contrary:

25 (1) The financial requirements applicable to coverage for  
26 alcoholism and other substance-use disorders as provided in this  
27 section shall be no more restrictive than the financial requirements  
28 applied to substantially all medical and surgical benefits covered by  
29 the contract, including deductibles, copayments, coinsurance, out-  
30 of-pocket expenses, and annual and lifetime limits, and the contract  
31 may not establish separate cost-sharing requirements that are  
32 applicable only with respect to coverage for alcoholism and other  
33 substance-use disorders; and

34 (2) The treatment limitations applicable to coverage for  
35 alcoholism and other substance-use disorders shall be no more  
36 restrictive than the treatment limitations applied to substantially all  
37 medical and surgical benefits covered by the contract, including  
38 limits on the frequency of treatment, number of visits, days of  
39 coverage, or other similar limits on the scope or duration of  
40 treatment.

41 (cf: P.L.1977, c.117, s.1)

42  
43 11. Section 34 of P.L.1985, c.236 (C.17:48E-34) is amended to  
44 read as follows:

45 34. No group or individual contract providing health service  
46 coverage shall be delivered, issued, executed, or renewed in this  
47 State, or approved for issuance or renewal in this State by the

1 commissioner, on or after the effective date of this act, unless the  
2 contract provides benefits to any subscriber or other person covered  
3 thereunder for expenses incurred in connection with treatment of  
4 alcoholism **[when the treatment is prescribed by a doctor of**  
5 **medicine]** and other substance-use disorders. Benefits shall be  
6 provided **[to the same extent]** under the same terms and conditions  
7 as provided for any other **[sickness]** disease or illness under the  
8 contract.

9 "Treatment of alcoholism and other substance-use disorders"  
10 includes, but is not limited to, any of the following items or services  
11 provided for treatment of alcoholism or other substance-use  
12 disorders: inpatient or outpatient treatment, including  
13 detoxification, screening and assessment, case management,  
14 medication management, psychiatric consultations and individual,  
15 group and family counseling, and relapse prevention; non-hospital  
16 residential treatment; and prevention services, including health  
17 education and individual and group counseling to encourage the  
18 reduction of risk factors for alcoholism or other substance-use  
19 disorders.

20 "Same terms and conditions" means that the health service  
21 corporation cannot apply different copayments, deductibles or  
22 benefit limits, including day or visit limits or annual or lifetime  
23 dollar limits, to alcoholism and other substance-use disorder  
24 treatment services than those applied to other medical or surgical  
25 expense benefits.

26 Every contract shall include benefits for the treatment of  
27 alcoholism and other substance-use disorders as follows:

28 a. Inpatient or outpatient care in a health care facility licensed  
29 pursuant to P.L.1971, c.136 (C.26:2H-1 et seq.);

30 b. Treatment at a detoxification facility licensed pursuant to  
31 section 8 of P.L.1975, c.305 (C.26:2B-14);

32 c. **[Confinement as an inpatient or outpatient at a licensed,**  
33 **certified, or state approved residential treatment facility, under a**  
34 **program which meets minimum standards of care equivalent to**  
35 **those prescribed by the Joint Commission on Hospital**  
36 **Accreditation]** Participation as an inpatient at a residential facility  
37 licensed by the Division of Addiction Services in the Department of  
38 Human Services or as an outpatient in a State-approved outpatient  
39 treatment facility that meets minimum standards of care as set forth  
40 by the Department of Human Services; and

41 d. Treatment provided by a physician or other appropriately  
42 trained, licensed health care professional.

43 Treatment **[or confinement]** at any facility shall not preclude  
44 further or additional treatment at any other eligible facility, if the  
45 benefit days used do not exceed the total number of benefit days  
46 provided for any other **[sickness]** disease or illness under the  
47 contract.

1 Nothing in this section shall be construed to prohibit the health  
2 service corporation from determining if the treatment of alcoholism  
3 and other substance-use disorders is medically necessary.

4 Nothing in this section shall be construed to change the manner  
5 in which the health service corporation determines which health  
6 care providers shall be entitled to reimbursement for providing  
7 treatment services under the contract.

8 Notwithstanding any other provision of law to the contrary, the  
9 coverage required pursuant to this section may be subject to  
10 utilization review as performed by the health service corporation or  
11 its designated utilization review organization.

12 Notwithstanding the provisions of this section to the contrary:

13 (1) The financial requirements applicable to coverage for  
14 alcoholism and other substance-use disorders as provided in this  
15 section shall be no more restrictive than the financial requirements  
16 applied to substantially all medical and surgical benefits covered by  
17 the contract, including deductibles, copayments, coinsurance, out-  
18 of-pocket expenses, and annual and lifetime limits, and the contract  
19 may not establish separate cost-sharing requirements that are  
20 applicable only with respect to coverage for alcoholism and other  
21 substance-use disorders; and

22 (2) The treatment limitations applicable to coverage for  
23 alcoholism and other substance-use disorders shall be no more  
24 restrictive than the treatment limitations applied to substantially all  
25 medical and surgical benefits covered by the contract, including  
26 limits on the frequency of treatment, number of visits, days of  
27 coverage, or other similar limits on the scope or duration of  
28 treatment.

29 (cf: P.L.1985, c.236, s.34)

30  
31 12. Section 1 of P.L.1977, c.118 (C.17B:26-2.1) is amended to  
32 read as follows:

33 1. No health insurance **[contract]** policy providing hospital or  
34 medical expense benefits shall be delivered, issued, executed or  
35 renewed in this State, or approved for issuance or renewal in this  
36 State by the Commissioner of Banking and Insurance, on or after  
37 the effective date of this act, unless such **[contract]** policy provides  
38 benefits to any **[subscriber]** insured or other person covered  
39 thereunder for expenses incurred in connection with the treatment  
40 of alcoholism **[when such treatment is prescribed by a doctor of**  
41 medicine] and other substance-use disorders. Such benefits shall  
42 be provided **[to the same extent]** under the same terms and  
43 conditions as provided for any other **[sickness]** disease or illness  
44 under the **[contract]** policy.

45 "Treatment of alcoholism and other substance-use disorders"  
46 includes, but is not limited to, any of the following items or services  
47 provided for treatment of alcoholism or other substance-use

1 disorders: inpatient or outpatient treatment, including  
2 detoxification, screening and assessment, case management,  
3 medication management, psychiatric consultations and individual,  
4 group and family counseling, and relapse prevention; non-hospital  
5 residential treatment; and prevention services, including health  
6 education and individual and group counseling to encourage the  
7 reduction of risk factors for alcoholism or other substance-use  
8 disorders.

9 "Same terms and conditions" means that the insurer cannot apply  
10 different copayments, deductibles or benefit limits, including day or  
11 visit limits or annual or lifetime dollar limits, to alcoholism and  
12 other substance-use disorder treatment services than those applied  
13 to other medical or surgical expense benefits.

14 Every **【contract】** policy shall include such benefits for the  
15 treatment of alcoholism and other substance-use disorders as are  
16 hereinafter set forth:

17 a. Inpatient or outpatient care in a **【licensed hospital】** health  
18 care facility licensed pursuant to P.L.1971, c.136 (C.26:2H-1 et  
19 seq.);

20 b. Treatment at a detoxification facility licensed pursuant to  
21 **【P.L.1975, c.305】** section 8 of P.L.1975, c.305 (C.26:2B-14);

22 c. **【Confinement as an inpatient or outpatient at a licensed,**  
23 certified, or state approved residential treatment facility, under a  
24 program which meets minimum standards of care equivalent to  
25 those prescribed by the Joint Commission on Hospital  
26 Accreditation】 Participation as an inpatient at a residential facility  
27 licensed by the Division of Addiction Services in the Department of  
28 Human Services or as an outpatient in a State-approved outpatient  
29 treatment facility that meets minimum standards of care as set forth  
30 by the Department of Human Services; and

31 d. Treatment provided by a physician or other appropriately  
32 trained, licensed health care professional.

33 Treatment **【or confinement】** at any facility shall not preclude  
34 further or additional treatment at any other eligible facility;  
35 provided, however, that the benefit days used do not exceed the  
36 total number of benefit days provided for any other **【sickness】**  
37 disease or illness under the **【contract】** policy.

38 Nothing in this section shall be construed to prohibit the insurer  
39 from determining if the treatment of alcoholism and other  
40 substance-use disorders is medically necessary.

41 Nothing in this section shall be construed to change the manner  
42 in which the insurer determines which health care providers shall be  
43 entitled to reimbursement for providing treatment services under the  
44 policy.

45 Notwithstanding any other provision of law to the contrary, the  
46 coverage required pursuant to this section may be subject to  
47 utilization review as performed by the insurer or its designated

1 utilization review organization.  
2 Notwithstanding the provisions of this section to the contrary:  
3 (1) The financial requirements applicable to coverage for  
4 alcoholism and other substance-use disorders as provided in this  
5 section shall be no more restrictive than the financial requirements  
6 applied to substantially all medical and surgical benefits covered by  
7 the policy, including deductibles, copayments, coinsurance, out-of-  
8 pocket expenses, and annual and lifetime limits, and the policy may  
9 not establish separate cost-sharing requirements that are applicable  
10 only with respect to coverage for alcoholism and other substance-  
11 use disorders; and  
12 (2) The treatment limitations applicable to coverage for  
13 alcoholism and other substance-use disorders shall be no more  
14 restrictive than the treatment limitations applied to substantially all  
15 medical and surgical benefits covered by the policy, including  
16 limits on the frequency of treatment, number of visits, days of  
17 coverage, or other similar limits on the scope or duration of  
18 treatment.  
19 (cf: P.L.1977, c.118, s.1)  
20  
21 13. Section 1 of P.L.1977, c.116 (C.17B:27-46.1) is amended to  
22 read as follows:  
23 1. No group health insurance **[contract]** policy providing  
24 hospital or medical expense benefits shall be delivered, issued,  
25 executed or renewed in this State, or approved for issuance or  
26 renewal in this State by the Commissioner of Banking and  
27 Insurance, on or after the effective date of this act, unless such  
28 **[contract]** policy provides benefits to any **[subscriber]** insured or  
29 other person covered thereunder for expenses incurred in  
30 connection with the treatment of alcoholism **[when such treatment**  
31 **is prescribed by a doctor of medicine]** and other substance-use  
32 disorders. Such benefits shall be provided **[to the same extent]**  
33 under the same terms and conditions as provided for any other  
34 **[sickness]** disease or illness under the **[contract]** policy.  
35 "Treatment of alcoholism and other substance-use disorders"  
36 includes, but is not limited to, any of the following items or services  
37 provided for treatment of alcoholism or other substance-use  
38 disorders: inpatient or outpatient treatment, including  
39 detoxification, screening and assessment, case management,  
40 medication management, psychiatric consultations and individual,  
41 group and family counseling, and relapse prevention; non-hospital  
42 residential treatment; and prevention services, including health  
43 education and individual and group counseling to encourage the  
44 reduction of risk factors for alcoholism or other substance-use  
45 disorders.  
46 "Same terms and conditions" means that the insurer cannot apply  
47 different copayments, deductibles or benefit limits, including day or

1 visit limits or annual or lifetime dollar limits, to alcoholism and  
2 other substance-use disorder treatment services than those applied  
3 to other medical or surgical expense benefits.

4 Every **【contract】** policy shall include such benefits for the  
5 treatment of alcoholism and other substance-use disorders as are  
6 hereinafter set forth:

7 a. Inpatient or outpatient care in a **【licensed hospital】** health  
8 care facility licensed pursuant to P.L.1971, c.136 (C.26:2H-1 et  
9 seq.);

10 b. Treatment at a detoxification facility licensed pursuant to  
11 **【P.L.1975, c. 305】** section 8 of P.L.1975, c.305 (C.26:2B-14);

12 c. **【Confinement as an inpatient or outpatient at a licensed,**  
13 certified, or state approved residential treatment facility, under a  
14 program which meets minimum standards of care equivalent to  
15 those prescribed by the Joint Commission on Hospital  
16 Accreditation】 Participation as an inpatient at a residential facility  
17 licensed by the Division of Addiction Services in the Department of  
18 Human Services or as an outpatient in a State-approved outpatient  
19 treatment facility that meets minimum standards of care as set forth  
20 by the Department of Human Services; and

21 d. Treatment provided by a physician or other appropriately  
22 trained, licensed health care professional.

23 Treatment **【or confinement】** at any facility shall not preclude  
24 further or additional treatment at any other eligible facility;  
25 provided, however, that the benefit days used do not exceed the  
26 total number of benefit days provided for any other **【sickness】**  
27 disease or illness under the 【contract】 policy.

28 Nothing in this section shall be construed to prohibit the insurer  
29 from determining if the treatment of alcoholism and other  
30 substance-use disorders is medically necessary.

31 Nothing in this section shall be construed to change the manner  
32 in which the insurer determines which health care providers shall be  
33 entitled to reimbursement for providing treatment services under the  
34 policy.

35 Notwithstanding any other provision of law to the contrary, the  
36 coverage required pursuant to this section may be subject to  
37 utilization review as performed by the insurer or its designated  
38 utilization review organization.

39 Notwithstanding the provisions of this section to the contrary:

40 (1) The financial requirements applicable to coverage for  
41 alcoholism and other substance-use disorders as provided in this  
42 section shall be no more restrictive than the financial requirements  
43 applied to substantially all medical and surgical benefits covered by  
44 the policy, including deductibles, copayments, coinsurance, out-of-  
45 pocket expenses, and annual and lifetime limits, and the policy may  
46 not establish separate cost-sharing requirements that are applicable  
47 only with respect to coverage for alcoholism and other substance-

1 use disorders; and

2 (2) The treatment limitations applicable to coverage for  
3 alcoholism and other substance-use disorders shall be no more  
4 restrictive than the treatment limitations applied to substantially all  
5 medical and surgical benefits covered by the policy, including  
6 limits on the frequency of treatment, number of visits, days of  
7 coverage, or other similar limits on the scope or duration of  
8 treatment.

9 (cf: P.L.1977, c.116, s.1)

10

11 14. (New section) Every individual health benefits plan that  
12 provides hospital or medical expense benefits, and is delivered,  
13 issued, executed or renewed in this State pursuant to P.L.1992,  
14 c.161 (C.17B:27A-2 et seq.), on or after the effective date of this  
15 act, shall provide coverage for expenses incurred in connection with  
16 the treatment of alcoholism and other substance-use disorders.  
17 Such benefits shall be provided under the same terms and  
18 conditions as provided for any other disease or illness under the  
19 plan.

20 "Treatment of alcoholism and other substance-use disorders"  
21 includes, but is not limited to, any of the following items or services  
22 provided for treatment of alcoholism or other substance-use  
23 disorders: inpatient or outpatient treatment, including  
24 detoxification, screening and assessment, case management,  
25 medication management, psychiatric consultations and individual,  
26 group and family counseling, and relapse prevention; non-hospital  
27 residential treatment; and prevention services, including health  
28 education and individual and group counseling to encourage the  
29 reduction of risk factors for alcoholism or other substance-use  
30 disorders.

31 "Same terms and conditions" means that the carrier cannot apply  
32 different copayments, deductibles or benefit limits, including day or  
33 visit limits or annual or lifetime dollar limits, to alcoholism and  
34 other substance-use disorder treatment services than those applied  
35 to other medical or surgical expense benefits.

36 Every plan shall include such benefits for the treatment of  
37 alcoholism and other substance-use disorders as are hereinafter set  
38 forth:

39 a. Inpatient or outpatient care in a health care facility licensed  
40 pursuant to P.L.1971, c.136 (C.26:2H-1 et seq.);

41 b. Treatment at a detoxification facility licensed pursuant to  
42 section 8 of P.L.1975, c.305 (C.26:2B-14);

43 c. Participation as an inpatient at a residential facility licensed  
44 by the Division of Addiction Services in the Department of Human  
45 Services or as an outpatient in a State-approved outpatient treatment  
46 facility that meets minimum standards of care as set forth by the  
47 Department of Human Services; and

48 d. Treatment provided by a physician or other appropriately

1 trained, licensed health care professional.

2 Treatment at any facility shall not preclude further or additional  
3 treatment at any other eligible facility; provided, however, that the  
4 benefit days used do not exceed the total number of benefit days  
5 provided for any other disease or illness under the plan.

6 Nothing in this section shall be construed to prohibit the carrier  
7 from determining if the treatment of alcoholism and other  
8 substance-use disorders is medically necessary.

9 Nothing in this section shall be construed to change the manner  
10 in which the carrier determines which health care providers shall be  
11 entitled to reimbursement for providing treatment services under the  
12 plan.

13 Notwithstanding any other provision of law to the contrary, the  
14 coverage required pursuant to this section may be subject to  
15 utilization review as performed by the carrier or its designated  
16 utilization review organization.

17 Notwithstanding the provisions of this section to the contrary:

18 (1) The financial requirements applicable to coverage for  
19 alcoholism and other substance-use disorders as provided in this  
20 section shall be no more restrictive than the financial requirements  
21 applied to substantially all medical and surgical benefits covered by  
22 the plan, including deductibles, copayments, coinsurance, out-of-  
23 pocket expenses, and annual and lifetime limits, and the plan may  
24 not establish separate cost-sharing requirements that are applicable  
25 only with respect to coverage for alcoholism and other substance-  
26 use disorders; and

27 (2) The treatment limitations applicable to coverage for  
28 alcoholism and other substance-use disorders shall be no more  
29 restrictive than the treatment limitations applied to substantially all  
30 medical and surgical benefits covered by the plan, including limits  
31 on the frequency of treatment, number of visits, days of coverage,  
32 or other similar limits on the scope or duration of treatment.

33

34 15. (New section) Every small employer health benefits plan  
35 that provides hospital or medical expense benefits and is delivered,  
36 issued, executed or renewed in this State pursuant to P.L.1992,  
37 c.162 (C.17B:27A-17 et seq.), on or after the effective date of this  
38 act, shall provide coverage for expenses incurred in connection with  
39 the treatment of alcoholism and other substance-use disorders.  
40 Such benefits shall be provided under the same terms and  
41 conditions as provided for any other disease or illness under the  
42 plan.

43 "Treatment of alcoholism and other substance-use disorders"  
44 includes, but is not limited to, any of the following items or services  
45 provided for treatment of alcoholism or other substance-use  
46 disorders: inpatient or outpatient treatment, including  
47 detoxification, screening and assessment, case management,  
48 medication management, psychiatric consultations and individual,



1 group and family counseling, and relapse prevention; non-hospital  
2 residential treatment; and prevention services, including health  
3 education and individual and group counseling to encourage the  
4 reduction of risk factors for alcoholism or other substance-use  
5 disorders.

6 "Same terms and conditions" means that the carrier cannot apply  
7 different copayments, deductibles or benefit limits, including day or  
8 visit limits or annual or lifetime dollar limits, to alcoholism and  
9 other substance-use disorder treatment services than those applied  
10 to other medical or surgical expense benefits.

11 Every plan shall include such benefits for the treatment of  
12 alcoholism and other substance-use disorders as are hereinafter set  
13 forth:

14 a. Inpatient or outpatient care in a health care facility licensed  
15 pursuant to P.L.1971, c.136 (C.26:2H-1 et seq.);

16 b. Treatment at a detoxification facility licensed pursuant to  
17 section 8 of P.L.1975, c.305 (C.26:2B-14);

18 c. Participation as an inpatient at a residential facility licensed  
19 by the Division of Addiction Services in the Department of Human  
20 Services or as an outpatient in a State-approved outpatient treatment  
21 facility that meets minimum standards of care as set forth by the  
22 Department of Human Services; and

23 d. Treatment provided by a physician or other appropriately  
24 trained, licensed health care professional.

25 Treatment at any facility shall not preclude further or additional  
26 treatment at any other eligible facility; provided, however, that the  
27 benefit days used do not exceed the total number of benefit days  
28 provided for any other disease or illness under the plan.

29 Nothing in this section shall be construed to prohibit the carrier  
30 from determining if the treatment of alcoholism and other  
31 substance-use disorders is medically necessary.

32 Nothing in this section shall be construed to change the manner  
33 in which the carrier determines which health care providers shall be  
34 entitled to reimbursement for providing treatment services under the  
35 plan.

36 Notwithstanding any other provision of law to the contrary, the  
37 coverage required pursuant to this section may be subject to  
38 utilization review as performed by the carrier or its designated  
39 utilization review organization.

40 Notwithstanding the provisions of this section to the contrary:

41 (1) The financial requirements applicable to coverage for  
42 alcoholism and other substance-use disorders as provided in this  
43 section shall be no more restrictive than the financial requirements  
44 applied to substantially all medical and surgical benefits covered by  
45 the plan, including deductibles, copayments, coinsurance, out-of-  
46 pocket expenses, and annual and lifetime limits, and the plan may  
47 not establish separate cost-sharing requirements that are applicable  
48 only with respect to coverage for alcoholism and other substance-

1 use disorders; and

2 (2) The treatment limitations applicable to coverage for  
3 alcoholism and other substance-use disorders shall be no more  
4 restrictive than the treatment limitations applied to substantially all  
5 medical and surgical benefits covered by the plan, including limits  
6 on the frequency of treatment, number of visits, days of coverage,  
7 or other similar limits on the scope or duration of treatment.

8

9 16. (New section) Every contract for health care services, which  
10 is delivered, issued, executed or renewed in this State pursuant to  
11 P.L.1973, c.337 (C.26:2J-1 et seq.) or approved for issuance or  
12 renewal in this State by the Commissioner of Banking and  
13 Insurance, on or after the effective date of this act, shall provide  
14 health care services for the treatment of alcoholism and other  
15 substance-use disorders. Such health care services shall be  
16 provided under the same terms and conditions as provided for any  
17 other disease or illness under the contract.

18 "Treatment of alcoholism and other substance-use disorders"  
19 includes, but is not limited to, any of the following items or services  
20 provided for treatment of alcoholism or other substance-use  
21 disorders: inpatient or outpatient treatment, including  
22 detoxification, screening and assessment, case management,  
23 medication management, psychiatric consultations and individual,  
24 group and family counseling, and relapse prevention; non-hospital  
25 residential treatment; and prevention services, including health  
26 education and individual and group counseling to encourage the  
27 reduction of risk factors for alcoholism or other substance-use  
28 disorders.

29 "Same terms and conditions" means that the health maintenance  
30 organization cannot apply different copayments, deductibles or  
31 benefit limits, including day or visit limits or annual or lifetime  
32 dollar limits, to alcoholism and other substance-use disorder  
33 treatment services than those applied to other health care services.

34 Every contract shall include such health care services for the  
35 treatment of alcoholism and other substance-use disorders as are  
36 hereinafter set forth:

37 a. Inpatient or outpatient care in a health care facility licensed  
38 pursuant to P.L.1971, c. 136 (C.26:2H-1 et seq.);

39 b. Treatment at a detoxification facility licensed pursuant to  
40 section 8 of P.L.1975, c.305 (C.26:2B-14);

41 c. Participation as an inpatient at a residential facility licensed  
42 by the Division of Addiction Services in the Department of Human  
43 Services or as an outpatient in a State-approved outpatient treatment  
44 facility that meets minimum standards of care as set forth by the  
45 Department of Human Services; and

46 d. Treatment provided by a physician or other appropriately  
47 trained, licensed health care professional.

48 Treatment at any facility shall not preclude further or additional

1 treatment at any other eligible facility; provided, however, that the  
2 benefit days used do not exceed the total number of benefit days  
3 provided for any other disease or illness under the contract.

4 Nothing in this section shall be construed to prohibit the health  
5 maintenance organization from determining if the treatment of  
6 alcoholism and other substance-use disorders is medically  
7 necessary.

8 Nothing in this section shall be construed to change the manner  
9 in which the health maintenance organization determines which  
10 health care providers shall be entitled to reimbursement for  
11 providing treatment services under the contract.

12 Notwithstanding any other provision of law to the contrary, the  
13 treatment services required pursuant to this section may be subject  
14 to utilization review as performed by the health maintenance  
15 organization or its designated utilization review organization.

16 Notwithstanding the provisions of this section to the contrary:

17 (1) The financial requirements applicable to treatment services  
18 for alcoholism and other substance-use disorders as provided in this  
19 section shall be no more restrictive than the financial requirements  
20 applied to substantially all health care services provided under the  
21 contract, including deductibles, copayments, coinsurance, out-of-  
22 pocket expenses, and annual and lifetime limits, except that the  
23 contract may not establish separate cost-sharing requirements that  
24 are applicable only with respect to coverage for alcoholism and  
25 other substance-use disorders; and

26 (2) The treatment limitations applicable to treatment services for  
27 alcoholism and other substance-use disorders shall be no more  
28 restrictive than the treatment limitations applied to substantially all  
29 health care services provided under the contract, including limits on  
30 the frequency of treatment, number of visits, days of coverage, or  
31 other similar limits on the scope or duration of treatment.

32

33 17. (New section) An employer in this State who provides  
34 health benefits coverage to his employees or their dependents for  
35 treatment of alcoholism or other substance-use disorders shall, upon  
36 request of an employee, notify his employees whether the  
37 employees' coverage for treatment of alcoholism or other substance-  
38 use disorders is subject to the requirements of section 1 of  
39 P.L.1977, c.115 (C.17:48-6a), section 1 of P.L.1977, c.116  
40 (C.17B:27-46.1); section 1 of P.L.1977, c.117 (C.17:48A-7a),  
41 section 1 of P.L.1977, c.118 (C.17B:26-2.1), section 34 of  
42 P.L.1985, c.236 (C.17:48E-34), or sections 14 through 16 of P.L. ,  
43 c. (C. ) (pending before the Legislature as this bill).

44

45 18. Section 5 of P.L.1961, c.49 (C.52:14-17.29) is amended to  
46 read as follows:

1       5. (A) The contract or contracts purchased by the commission  
2 pursuant to subsection b. of section 4 of P.L.1961, c.49 (C.52:14-  
3 17.28) shall provide separate coverages or policies as follows:

- 4       (1) Basic benefits which shall include:  
5       (a) Hospital benefits, including outpatient;  
6       (b) Surgical benefits;  
7       (c) Inpatient medical benefits;  
8       (d) Obstetrical benefits; and  
9       (e) Services rendered by an extended care facility or by a home  
10 health agency and for specified medical care visits by a physician  
11 during an eligible period of such services, without regard to  
12 whether the patient has been hospitalized, to the extent and subject  
13 to the conditions and limitations agreed to by the commission and  
14 the carrier or carriers.

15       Basic benefits shall be substantially equivalent to those available  
16 on a group remittance basis to employees of the State and their  
17 dependents under the subscription contracts of the New Jersey  
18 “Blue Cross” and “Blue Shield” Plans. Such basic benefits shall  
19 include benefits for:

- 20       (i) Additional days of inpatient medical service;  
21       (ii) Surgery elsewhere than in a hospital;  
22       (iii) X-ray, radioactive isotope therapy and pathology services;  
23       (iv) Physical therapy services;  
24       (v) Radium or radon therapy services;

25 and the extended basic benefits shall be subject to the same  
26 conditions and limitations, applicable to such benefits, as are set  
27 forth in “Extended Outpatient Hospital Benefits Rider,” Form 1500,  
28 71(9-66), and in “Extended Benefit Rider” (as amended), Form MS  
29 7050J(9-66) issued by the New Jersey “Blue Cross” and “Blue  
30 Shield” Plans, respectively, and as the same may be amended or  
31 superseded, subject to filing by the Commissioner of Banking and  
32 Insurance; and

33       (2) Major medical expense benefits which shall provide benefit  
34 payments for reasonable and necessary eligible medical expenses  
35 for hospitalization, surgery, medical treatment and other related  
36 services and supplies to the extent they are not covered by basic  
37 benefits. The commission may, by regulation, determine what types  
38 of services and supplies shall be included as “eligible medical  
39 services” under the major medical expense benefits coverage as  
40 well as those which shall be excluded from or limited under such  
41 coverage. Benefit payments for major medical expense benefits  
42 shall be equal to a percentage of the reasonable charges for eligible  
43 medical services incurred by a covered employee or an employee’s  
44 covered dependent, during a calendar year as exceed a deductible  
45 for such calendar year of \$100.00 subject to the maximums  
46 hereinafter provided and to the other terms and conditions  
47 authorized by this act. The percentage shall be 80% of the first

1 \$2,000.00 of charges for eligible medical services incurred  
2 subsequent to satisfaction of the deductible and 100% thereafter.  
3 There shall be a separate deductible for each calendar year for (a)  
4 each enrolled employee and (b) all enrolled dependents of such  
5 employee. Not more than \$1,000,000.00 shall be paid for major  
6 medical expense benefits with respect to any one person for the  
7 entire period of such person's coverage under the plan, whether  
8 continuous or interrupted except that this maximum may be  
9 reapplied to a covered person in amounts not to exceed \$2,000.00 a  
10 year. Maximums of \$10,000.00 per calendar year and \$20,000.00  
11 for the entire period of the person's coverage under the plan shall  
12 apply to eligible expenses incurred because of ~~mental illness or~~  
13 ~~functional nervous disorders~~ any mental illness or functional  
14 nervous disorder that is not biologically-based mental illness or  
15 serious non-biologically-based mental illness as defined in section 1  
16 of P.L.1999, c.441 (C.52:14-17.29d), and such may be reapplied to  
17 a covered person, ~~except as provided~~ in accordance with the  
18 provisions of P.L.1999, c.441 (C.52:14-17.29d et al.). The same  
19 provisions shall apply for retired employees and their dependents.  
20 Under the conditions agreed upon by the commission and the  
21 carriers as set forth in the contract, the deductible for a calendar  
22 year may be satisfied in whole or in part by eligible charges  
23 incurred during the last three months of the prior calendar year.

24 Any service determined by regulation of the commission to be an  
25 "eligible medical service" under the major medical expense benefits  
26 coverage which is performed by a duly licensed practicing  
27 psychologist within the lawful scope of his practice shall be  
28 recognized for reimbursement under the same conditions as would  
29 apply were such service performed by a physician.

30 (B) The contract or contracts purchased by the commission  
31 pursuant to subsection c. of section 4 of P.L.1961, c.49 (C.52:14-  
32 17.28) shall include coverage for services and benefits that are at a  
33 level that is equal to or exceeds the level of services and benefits set  
34 forth in this subsection, provided that such services and benefits  
35 shall include only those that are eligible medical services and not  
36 those deemed experimental, investigative or otherwise not eligible  
37 medical services. The determination of whether services or benefits  
38 are eligible medical services shall be made by the commission  
39 consistent with the best interests of the State and participating  
40 employers, employees, and dependents. The following list of  
41 services is not intended to be exclusive or to require that any limits  
42 or exclusions be exceeded.

43 Covered services shall include:

44 (1) Physician services, including:

45 (a) Inpatient services, including:

46 (i) medical care including consultations;

47 (ii) surgical services and services related thereto; and

- 1 (iii) obstetrical services including normal delivery, cesarean  
 2 section, and abortion.
- 3 (b) Outpatient/out-of-hospital services, including:
- 4 (i) office visits for covered services and care;
- 5 (ii) allergy testing and related diagnostic/therapy services;
- 6 (iii) dialysis center care;
- 7 (iv) maternity care;
- 8 (v) well child care;
- 9 (vi) child immunizations/lead screening;
- 10 (vii) routine adult physicals including pap, mammography, and  
 11 prostate examinations; and
- 12 (viii) annual routine obstetrical/gynecological exam.
- 13 (2) Hospital services, both inpatient and outpatient, including:
- 14 (a) room and board;
- 15 (b) intensive care and other required levels of care;
- 16 (c) semi-private room;
- 17 (d) therapy and diagnostic services;
- 18 (e) surgical services or facilities and treatment related thereto;
- 19 (f) nursing care;
- 20 (g) necessary supplies, medicines, and equipment for care; and
- 21 (h) maternity care and related services.
- 22 (3) Other facility and services, including:
- 23 (a) approved treatment centers for medical  
 24 emergency/accidental injury;
- 25 (b) approved surgical center;
- 26 (c) hospice;
- 27 (d) chemotherapy;
- 28 (e) diagnostic x-ray and lab tests;
- 29 (f) ambulance;
- 30 (g) durable medical equipment;
- 31 (h) prosthetic devices;
- 32 (i) foot orthotics;
- 33 (j) diabetic supplies and education; and
- 34 (k) oxygen and oxygen administration.
- 35 (4) All services for which coverage is required pursuant to  
 36 P.L.1961, c.49 (C.52:14-17.25 et seq.), as amended and  
 37 supplemented. Benefits under the contract or contracts purchased as  
 38 authorized by the State Health Benefits Program shall include those  
 39 for mental health services subject to limits and exclusions  
 40 consistent with the provisions of the New Jersey State Health  
 41 Benefits Program Act.
- 42 (C) The contract or contracts purchased by the commission  
 43 pursuant to subsection c. of section 4 of P.L.1961, c.49 (C.52:14-  
 44 17.28) shall include the following provisions regarding  
 45 reimbursements and payments:
- 46 (1) In the successor plan, the co-payment for doctor's office  
 47 visits shall be \$10 per visit with a maximum out-of-pocket of \$400

1 per individual and \$1,000 per family for in-network services for  
2 each calendar year. The out-of-network deductible shall be \$100 per  
3 individual and \$250 per family for each calendar year, and the  
4 participant shall receive reimbursement for out-of-network charges  
5 at the rate of 80% of reasonable and customary charges, provided  
6 that the out-of-pocket maximum shall not exceed \$2,000 per  
7 individual and \$5,000 per family for each calendar year.

8 (2) In the State managed care plan that is required to be included  
9 in a contract entered into pursuant to subsection c. of section 4 of  
10 P.L.1961, c.49 (C.52:14-17.28), the co-payment for doctor's office  
11 visits shall be \$15 per visit. The participant shall receive  
12 reimbursement for out-of-network charges at the rate of 70% of  
13 reasonable and customary charges. The in-network and out-of-  
14 network limits, exclusions, maximums, and deductibles shall be  
15 substantially equivalent to those in the NJ PLUS plan in effect on  
16 June 30, 2007, with adjustments to that plan pursuant to a binding  
17 collective negotiations agreement or pursuant to action by the  
18 commission, in its sole discretion, to apply such adjustments to  
19 State employees for whom there is no majority representative for  
20 collective negotiations purposes.

21 (3) "Reasonable and customary charges" means charges based  
22 upon the 90th percentile of the usual, customary, and reasonable  
23 (UCR) fee schedule determined by the Health Insurance  
24 Association of America or a similar nationally recognized database  
25 of prevailing health care charges.

26 (D) Benefits under the contract or contracts purchased as  
27 authorized by this act may be subject to such limitations,  
28 exclusions, or waiting periods as the commission finds to be  
29 necessary or desirable to avoid inequity, unnecessary utilization,  
30 duplication of services or benefits otherwise available, including  
31 coverage afforded under the laws of the United States, such as the  
32 federal Medicare program, or for other reasons.

33 Benefits under the contract or contracts purchased as authorized  
34 by this act shall include those for the treatment of alcoholism  
35 [where such treatment is prescribed by a physician and shall also  
36 include treatment while confined in or as an outpatient of a licensed  
37 hospital or residential treatment program which meets minimum  
38 standards of care equivalent to those prescribed by the Joint  
39 Commission on Hospital Accreditation. No benefits shall be  
40 provided beyond those stipulated in the contracts held by the State  
41 Health Benefits Commission] or other substance-use disorders.  
42 The benefits shall be provided in accordance with the provisions of  
43 section 21 of P.L. , c. (C. )(pending before the Legislature as  
44 this bill).

45 (E) The rates charged for any contract purchased under the  
46 authority of this act shall reasonably and equitably reflect the cost  
47 of the benefits provided based on principles which in the judgment

1 of the commission are actuarially sound. The rates charged shall be  
2 determined by the carrier on accepted group rating principles with  
3 due regard to the experience, both past and contemplated, under the  
4 contract. The commission shall have the right to particularize  
5 subgroups for experience purposes and rates. No increase in rates  
6 shall be retroactive.

7 (F) The initial term of any contract purchased by the  
8 commission under the authority of this act shall be for such period  
9 to which the commission and the carrier may agree, but permission  
10 may be made for automatic renewal in the absence of notice of  
11 termination by the commission. Subsequent terms for which any  
12 contract may be renewed as herein provided shall each be limited to  
13 a period not to exceed one year.

14 (G) A contract purchased by the commission pursuant to  
15 subsection b. of section 4 of P.L.1961, c.49 (C.52:14-17.28) shall  
16 contain a provision that if basic benefits or major medical expense  
17 benefits of an employee or of an eligible dependent under the  
18 contract, after having been in effect for at least one month in the  
19 case of basic benefits or at least three months in the case of major  
20 medical expense benefits, is terminated, other than by voluntary  
21 cancellation of enrollment, there shall be a 31-day period following  
22 the effective date of termination during which such employee or  
23 dependent may exercise the option to convert, without evidence of  
24 good health, to converted coverage issued by the carriers on a direct  
25 payment basis. Such converted coverage shall include benefits of  
26 the type classified as "basic benefits" or "major medical expense  
27 benefits" in subsection (A) hereof and shall be equivalent to the  
28 benefits which had been provided when the person was covered as  
29 an employee. The provision shall further stipulate that the employee  
30 or dependent exercising the option to convert shall pay the full  
31 periodic charges for the converted coverage which shall be subject  
32 to such terms and conditions as are normally prescribed by the  
33 carrier for this type of coverage.

34 (H) The commission may purchase a contract or contracts to  
35 provide drug prescription and other health care benefits or authorize  
36 the purchase of a contract or contracts to provide drug prescription  
37 and other health care benefits as may be required to implement a  
38 duly executed collective negotiations agreement or as may be  
39 required to implement a determination by a public employer to  
40 provide such benefit or benefits to employees not included in  
41 collective negotiations units.

42 (I) The commission shall take action as necessary, in  
43 cooperation with the School Employees' Health Benefits  
44 Commission established pursuant to section 33 of P.L.2007, c.103  
45 (C.52:14-17.46.3), to effectuate the purposes of the School  
46 Employees' Health Benefits Program Act as provided in sections 31  
47 through 41 of P.L.2007, c.103 (C.52:14-17.46.1 through C.52:14-



1 17.46.11) and to enable the School Employees' Health Benefits  
2 Commission to begin providing coverage to participants pursuant to  
3 the School Employees' Health Benefits Program Act as of July 1,  
4 2008.

5 (cf: P.L.2007, c.103, s.23)

6

7 19. Section 1 of P.L.1999, c.441 (C.52:14-17.29d) is amended to  
8 read as follows:

9 1. As used in this act:

10 "Biologically-based mental illness" means a mental or nervous  
11 condition that is caused by a biological disorder of the brain and  
12 results in a clinically significant or psychological syndrome or  
13 pattern that substantially limits the functioning of the person with  
14 the illness including, but not limited to, schizophrenia,  
15 schizoaffective disorder, major depressive disorder, bipolar  
16 disorder, paranoia and other psychotic disorders, obsessive-  
17 compulsive disorder, panic disorder and pervasive developmental  
18 disorder or autism.

19 "Carrier" means an insurance company, health service  
20 corporation, hospital service corporation, medical service  
21 corporation or health maintenance organization authorized to issue  
22 health benefits plans in this State.

23 "Same terms and conditions" means that a carrier cannot apply  
24 different copayments, deductibles or benefit limits, including day or  
25 visit limits or annual or lifetime dollar limits, to biologically-based  
26 or other mental health benefits, as applicable, than those applied to  
27 other medical or surgical benefits.

28 "Serious non-biologically-based mental illness" means a mental  
29 or nervous condition that is primarily treated with psychotherapy or  
30 psychotropic medication but is not caused by a biological disorder  
31 of the brain and results in a clinically significant or psychological  
32 syndrome or pattern that substantially limits the function of the  
33 person with the illnesses, including, but not limited to, dysthymic  
34 disorder, post-traumatic stress disorder, borderline personality  
35 disorder, bulimia, anorexia and other eating disorders, and other  
36 illnesses found in the Diagnostic and Statistical Manual of Mental  
37 Disorders as determined by the State Health Benefits Commission,  
38 in consultation with the Commissioner of Health and Senior  
39 Services.

40 (cf: P.L.1999, c.441, s.1)

41

42 20. Section 2 of P.L.1999, c.441 (C.52:14-17.29e) is amended to  
43 read as follows:

44 2. a. The State Health Benefits Commission shall ensure that  
45 every contract purchased by the commission on or after the  
46 effective date of this act that provides hospital or medical expense  
47 benefits shall provide coverage for biologically-based mental illness  
48 under the same terms and conditions as provided for any other

1 ~~【sickness】~~ disease or illness under the contract.

2 In addition, the commission shall ensure that every such contract  
3 shall provide coverage for serious non-biologically-based mental  
4 illness under the same terms and conditions as provided for any  
5 other disease or illness under the contract.

6 b. Nothing in this section shall be construed to change the  
7 manner in which a carrier determines:

8 (1) whether a mental health care service meets the medical  
9 necessity standard as established by the carrier; or

10 (2) which providers shall be entitled to reimbursement for  
11 providing services for mental illness under the contract.

12 Notwithstanding any other provision of law to the contrary, the  
13 coverage required pursuant to this section may be subject to  
14 utilization review as performed by the carrier.

15 Notwithstanding the provisions of this section to the contrary:

16 (1) The financial requirements applicable to coverage for mental  
17 illness as provided in this section shall be no more restrictive than  
18 the financial requirements applied to substantially all medical and  
19 surgical benefits covered by the contract, including deductibles,  
20 copayments, coinsurance, out-of-pocket expenses, and annual and  
21 lifetime limits, except that the contract may not establish separate  
22 cost-sharing requirements that are applicable only with respect to  
23 coverage for mental illness; and

24 (2) The treatment limitations applicable to coverage for mental  
25 illness shall be no more restrictive than the treatment limitations  
26 applied to substantially all medical and surgical benefits covered by  
27 the contract, including limits on the frequency of treatment, number  
28 of visits, days of coverage, or other similar limits on the scope or  
29 duration of treatment.

30 c. The commission shall provide notice to employees regarding  
31 the coverage required by this section in accordance with this  
32 subsection and regulations promulgated by the Commissioner of  
33 Health and Senior Services pursuant to the "Administrative  
34 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.). The notice  
35 shall be in writing and prominently positioned in any literature or  
36 correspondence and shall be transmitted at the earliest of: (1) the  
37 next mailing to the employee; (2) the yearly informational packet  
38 sent to the employee; or (3) July 1, 2000. The commission shall  
39 also ensure that the carrier under contract with the commission,  
40 upon receipt of information that a covered person is receiving  
41 treatment for a biologically-based or other mental illness, shall  
42 promptly notify that person of the coverage required by this section.  
43 (cf: P.L.1999, c.441, s.2)

44  
45 21. (New section) The State Health Benefits Commission shall  
46 ensure that every contract purchased by the commission on or after  
47 the effective date of P.L. , c. (C. )(pending before the  
48 Legislature as this bill) provides hospital or medical expense

1 benefits for the treatment of alcoholism and other substance-use  
2 disorders under the same terms and conditions as provided for any  
3 other disease or illness under the contract.

4 "Treatment of alcoholism and other substance-use disorders"  
5 includes, but is not limited to, any of the following items or services  
6 provided for treatment of alcoholism or other substance-use  
7 disorders: inpatient or outpatient treatment, including  
8 detoxification, screening and assessment, case management,  
9 medication management, psychiatric consultations and individual,  
10 group and family counseling, and relapse prevention; non-hospital  
11 residential treatment; and prevention services, including health  
12 education and individual and group counseling to encourage the  
13 reduction of risk factors for alcoholism or other substance-use  
14 disorders.

15 "Same terms and conditions" means that a carrier cannot apply  
16 different copayments, deductibles or benefit limits, including day or  
17 visit limits or annual or lifetime dollar limits, to alcoholism and  
18 other substance-use disorder treatment services than those applied  
19 to other medical or surgical expense benefits.

20 Every contract shall include such benefits for the treatment of  
21 alcoholism and other substance-use disorders as are hereinafter set  
22 forth:

23 a. Inpatient or outpatient care in a health care facility licensed  
24 pursuant to P.L.1971, c.136 (C.26:2H-1 et seq.);

25 b. Treatment at a detoxification facility licensed pursuant to  
26 section 8 of P.L.1975, c.305 (C.26:2B-14);

27 c. Participation as an inpatient at a residential facility licensed  
28 by the Division of Addiction Services in the Department of Human  
29 Services or as an outpatient in a State-approved outpatient treatment  
30 facility that meets minimum standards of care as set forth by the  
31 Department of Human Services; and

32 d. Treatment provided by a physician or other appropriately  
33 trained, licensed health care professional.

34 Treatment at any facility shall not preclude further or additional  
35 treatment at any other eligible facility; provided, however, that the  
36 benefit days used do not exceed the total number of benefit days  
37 provided for any other disease or illness under the contract.

38 Nothing in this section shall be construed to prohibit a carrier  
39 from determining if the treatment of alcoholism and other  
40 substance-use disorders is medically necessary.

41 Nothing in this section shall be construed to change the manner  
42 in which the carrier determines which health care providers shall be  
43 entitled to reimbursement for providing treatment services under the  
44 contract.

45 Notwithstanding any other provision of law to the contrary, the  
46 treatment services required pursuant to this section may be subject  
47 to utilization review as performed by the carrier.

48 Notwithstanding the provisions of this section to the contrary:

1 (1) The financial requirements applicable to treatment for  
2 alcoholism and other substance-use disorders as provided in this  
3 section shall be no more restrictive than the financial requirements  
4 applied to substantially all medical and surgical benefits under the  
5 contract, including deductibles, copayments, coinsurance, out-of-  
6 pocket expenses, and annual and lifetime limits, except that the  
7 contract may not establish separate cost-sharing requirements that  
8 are applicable only with respect to coverage for alcoholism and  
9 other substance-use disorders; and

10 (2) The treatment limitations applicable to alcoholism and other  
11 substance-use disorders shall be no more restrictive than the  
12 treatment limitations applied to substantially all medical and  
13 surgical benefits under the contract, including limits on the  
14 frequency of treatment, number of visits, days of coverage, or other  
15 similar limits on the scope or duration of treatment.

16

17 22. Section 1 of P.L.1977, c.115 (C.17:48-6a) is amended to  
18 read as follows:

19 1. No group or individual contract providing hospital or medical  
20 expense benefits shall be delivered, issued, executed or renewed in  
21 this State, or approved for issuance or renewal in this State by the  
22 Commissioner of Banking and Insurance on or after the effective  
23 date of this act, unless such contract provides benefits to any  
24 subscriber or other person covered thereunder for expenses incurred  
25 in connection with the treatment of alcoholism 【when such  
26 treatment is prescribed by a doctor of medicine】 and other  
27 substance-use disorders. Such benefits shall be provided 【to the  
28 same extent】 under the same terms and conditions as provided for  
29 any other 【sickness】 disease or illness under the contract.

30 "Treatment of alcoholism and other substance-use disorders"  
31 includes, but is not limited to, any of the following items or services  
32 provided for treatment of alcoholism or other substance-use  
33 disorders: inpatient or outpatient treatment, including  
34 detoxification, screening and assessment, case management,  
35 medication management, psychiatric consultations and individual,  
36 group and family counseling, and relapse prevention; non-hospital  
37 residential treatment; and prevention services, including health  
38 education and individual and group counseling to encourage the  
39 reduction of risk factors for alcoholism or other substance-use  
40 disorders.

41 "Same terms and conditions" means that the medical service  
42 corporation cannot apply different copayments, deductibles or  
43 benefit limits, including day or visit limits or annual or lifetime  
44 dollar limits, to alcoholism and other substance-use disorder  
45 treatment services than those applied to other medical or surgical  
46 expense benefits.

47 Every contract shall include such benefits for the treatment of

1 alcoholism and other substance-use disorders as are hereinafter set  
2 forth:

3 a. Inpatient or outpatient care in a **licensed hospital** health  
4 care facility licensed pursuant to P.L.1971, c.136 (C.26:2H-1 et  
5 seq.);

6 b. Treatment at a detoxification facility licensed pursuant to  
7 **P.L.1975, c.305** section 8 of P.L.1975, c.305 (C.26:2B-14);

8 c. **Confinement as an inpatient or outpatient at a licensed,**  
9 **certified, or state approved residential treatment facility, under a**  
10 **program which meets minimum standards of care equivalent to**  
11 **those prescribed by the Joint Commission on Hospital**  
12 **Accreditation** Participation as an inpatient at a residential facility  
13 licensed by the Division of Addiction Services in the Department of  
14 Human Services or as an outpatient in a State-approved outpatient  
15 treatment facility that meets minimum standards of care as set forth  
16 by the Department of Human Services; and

17 d. Treatment provided by a physician or other appropriately  
18 trained, licensed health care professional.

19 Treatment **or confinement** at any facility shall not preclude  
20 further or additional treatment at any other eligible facility;  
21 provided, however, that the benefit days used do not exceed the  
22 total number of benefit days provided for any other **sickness**  
23 disease or illness under the contract.

24 Nothing in this section shall be construed to prohibit the hospital  
25 service corporation from determining if the treatment of alcoholism  
26 and other substance-use disorders is medically necessary.

27 Nothing in this section shall be construed to change the manner  
28 in which the hospital service corporation determines which health  
29 care providers shall be entitled to reimbursement for providing  
30 treatment services under the contract.

31 Notwithstanding any other provision of law to the contrary, the  
32 coverage required pursuant to this section may be subject to  
33 utilization review as performed by the hospital service corporation  
34 or its designated utilization review organization.

35 Notwithstanding the provisions of this section to the contrary:

36 (1) The financial requirements applicable to coverage for  
37 alcoholism and other substance-use disorders as provided in this  
38 section shall be no more restrictive than the financial requirements  
39 applied to substantially all medical and surgical benefits covered by  
40 the contract, including deductibles, copayments, coinsurance, out-  
41 of-pocket expenses, and annual and lifetime limits, except that the  
42 contract may not establish separate cost-sharing requirements that  
43 are applicable only with respect to coverage for alcoholism and  
44 other substance-use disorders; and

45 (2) The treatment limitations applicable to coverage for  
46 alcoholism and other substance-use disorders shall be no more  
47 restrictive than the treatment limitations applied to substantially all

1 medical and surgical benefits covered by the contract, including  
2 limits on the frequency of treatment, number of visits, days of  
3 coverage, or other similar limits on the scope or duration of  
4 treatment.

5 (cf: P.L.1977, c.115, s.1)

6

7 23. This act shall take effect on the 90th day after enactment and  
8 shall apply to policies or contracts issued or renewed on or after the  
9 effective date, but shall remain inoperative until the enactment into  
10 law of P.L. , c. (C. ) (pending before the Legislature as  
11 Assembly Bill No. 2255 of 2008).