

SENATE, No. 607

STATE OF NEW JERSEY 213th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2008 SESSION

Sponsored by:

Senator JOSEPH F. VITALE

District 19 (Middlesex)

Senator BARBARA BUONO

District 18 (Middlesex)

Co-Sponsored by:

Senators Singer, Weinberg, Lesniak, Sacco and Gordon

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

Introduced Pending Technical Review by Legislative Counsel



(Sponsorship Updated As Of: 1/25/2008)

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. Every individual and group hospital service corporation
11 contract that provides hospital or medical expense benefits and is
12 delivered, issued, executed or renewed in this State pursuant to
13 P.L.1938, c.366 (C.17:48-1 et seq.), or approved for issuance or
14 renewal in this State by the Commissioner of Banking and
15 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, if the hospital service corporation contract provides
20 coverage for a disorder that is included in the latest edition of the
21 Diagnostic and Statistical Manual of Mental Disorders and is not a
22 biologically-based mental illness, the contract shall provide
23 coverage for that disorder under the same terms and conditions as
24 provided for any other sickness under the contract; however,
25 coverage for treatment of alcoholism and other substance-use
26 disorders shall be subject to the provisions of section 1 of P.L.1977,
27 c.115 (C.17:48-6a).

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

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

44 (1) whether a mental health care service meets the medical
45 necessity standard as established by the hospital service

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 corporation; or

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

4 c. The provisions of this section shall apply to all contracts in
5 which the hospital service corporation has reserved the right to
6 change the premium.

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

8

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

11 2. a. Every individual and group medical service corporation
12 contract that provides hospital or medical expense benefits that is
13 delivered, issued, executed or renewed in this State pursuant to
14 P.L.1940, c.74 (C.17:48A-1 et seq.), or approved for issuance or
15 renewal in this State by the Commissioner of Banking and
16 Insurance, on or after the effective date of this act shall provide
17 coverage for biologically-based mental illness under the same terms
18 and conditions as provided for any other sickness under the
19 contract.

20 In addition, if the medical service corporation contract provides
21 coverage for a disorder that is included in the latest edition of the
22 Diagnostic and Statistical Manual of Mental Disorders and is not a
23 biologically-based mental illness, the contract shall provide
24 coverage for that disorder under the same terms and conditions as
25 provided for any other sickness under the contract; however,
26 coverage for treatment of alcoholism and other substance-use
27 disorders shall be subject to the provisions of section 1 of P.L.1977,
28 c.117 (C.17:48A-7a).

29 "Biologically-based mental illness" means a mental or nervous
30 condition that is caused by a biological disorder of the brain and
31 results in a clinically significant or psychological syndrome or
32 pattern that substantially limits the functioning of the person with
33 the illness, including but not limited to, schizophrenia,
34 schizoaffective disorder, major depressive disorder, bipolar
35 disorder, paranoia and other psychotic disorders, obsessive-
36 compulsive disorder, panic disorder and pervasive developmental
37 disorder or autism. "Same terms and conditions" means that the
38 medical service corporation cannot apply different copayments,
39 deductibles or benefit limits, including day or visit limits or annual
40 or lifetime dollar limits, to biologically-based or other mental health
41 benefits, as applicable, than those applied to other medical or
42 surgical benefits.

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

45 (1) whether a mental health care service meets the medical
46 necessity standard as established by the medical service
47 corporation; or

48 (2) which providers shall be entitled to reimbursement for

1 providing services for mental illness under the contract.

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

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

6

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

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

18 In addition, if the health service corporation contract provides
19 coverage for a disorder that is included in the latest edition of the
20 Diagnostic and Statistical Manual of Mental Disorders and is not a
21 biologically-based mental illness, the contract shall provide
22 coverage for that disorder under the same terms and conditions as
23 provided for any other sickness under the contract; however,
24 coverage for treatment of alcoholism and other substance-use
25 disorders shall be subject to the provisions of section 34 of
26 P.L.1985, c.236 (C.17:48E-34).

27 "Biologically-based mental illness" means a mental or nervous
28 condition that is caused by a biological disorder of the brain and
29 results in a clinically significant or psychological syndrome or
30 pattern that substantially limits the functioning of the person with
31 the illness, including but not limited to, schizophrenia,
32 schizoaffective disorder, major depressive disorder, bipolar
33 disorder, paranoia and other psychotic disorders, obsessive-
34 compulsive disorder, panic disorder and pervasive developmental
35 disorder or autism. "Same terms and conditions" means that the
36 health service corporation cannot apply different copayments,
37 deductibles or benefit limits , including day or visit limits or annual
38 or lifetime dollar limits, to biologically-based or other mental health
39 benefits, as applicable, than those applied to other medical or
40 surgical benefits.

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

43 (1) whether a mental health care service meets the medical
44 necessity standard as established by the health service corporation;

45 or

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

48 c. The provisions of this section shall apply to all contracts in

1 which the health service corporation has reserved the right to
2 change the premium.
3 (cf: P.L.1999, c.106, s.3)

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

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

15 In addition, if the individual health insurance policy provides
16 coverage for a disorder that is included in the latest edition of the
17 Diagnostic and Statistical Manual of Mental Disorders and is not a
18 biologically-based mental illness, the policy shall provide coverage
19 for that disorder under the same terms and conditions as provided
20 for any other sickness under the policy; however, coverage for
21 treatment of alcoholism and other substance-use disorders shall be
22 subject to the provisions of section 1 of P.L.1977, c.118 (C.17B:26-
23 2.1).

24 "Biologically-based mental illness" means a mental or nervous
25 condition that is caused by a biological disorder of the brain and
26 results in a clinically significant or psychological syndrome or
27 pattern that substantially limits the functioning of the person with
28 the illness, including but not limited to, schizophrenia,
29 schizoaffective disorder, major depressive disorder, bipolar
30 disorder, paranoia and other psychotic disorders, obsessive-
31 compulsive disorder, panic disorder and pervasive developmental
32 disorder or autism. "Same terms and conditions" means that the
33 insurer cannot apply different copayments, deductibles or benefit
34 limits, including day or visit limits or annual or lifetime dollar
35 limits, to biologically-based or other mental health benefits, as
36 applicable, than those applied to other medical or surgical benefits.

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

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

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

43 c. The provisions of this section shall apply to all policies in
44 which the insurer has reserved the right to change the premium.

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

46

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

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

9 In addition, if the group health insurance policy provides
10 coverage for a disorder that is included in the latest edition of the
11 Diagnostic and Statistical Manual of Mental Disorders and is not a
12 biologically-based mental illness, the policy shall provide coverage
13 for that disorder under the same terms and conditions as provided
14 for any other sickness under the policy; however, coverage for
15 treatment of alcoholism and other substance-use disorders shall be
16 subject to the provisions of section 1 of P.L.1977, c.116 (C.17B:27-
17 46.1).

18 "Biologically-based mental illness" means a mental or nervous
19 condition that is caused by a biological disorder of the brain and
20 results in a clinically significant or psychological syndrome or
21 pattern that substantially limits the functioning of the person with
22 the illness, including but not limited to, schizophrenia,
23 schizoaffective disorder, major depressive disorder, bipolar
24 disorder, paranoia and other psychotic disorders, obsessive-
25 compulsive disorder, panic disorder and pervasive developmental
26 disorder or autism. "Same terms and conditions" means that the
27 insurer cannot apply different copayments, deductibles or benefit
28 limits, including day or visit limits or annual or lifetime dollar
29 limits, to biologically-based or other mental health benefits, as
30 applicable, than those applied to other medical or surgical benefits.

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

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

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

37 c. The provisions of this section shall apply to all policies in
38 which the insurer has reserved the right to change the premium.

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

40

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

43 6. a. Every individual health benefits plan that provides hospital
44 or medical expense benefits and is delivered, issued, executed or
45 renewed in this State pursuant to P.L.1992, c.161 (C.17B:27A-2 et
46 seq.) or approved for issuance or renewal in this State on or after
47 the effective date of this act shall provide benefits for biologically-
48 based mental illness under the same terms and conditions as

1 provided for any other sickness under the health benefits plan.

2 In addition, if the health benefits plan provides benefits for a
3 disorder that is included in the latest edition of the Diagnostic and
4 Statistical Manual of Mental Disorders and is not a biologically-
5 based mental illness, the plan shall provide benefits for that disorder
6 under the same terms and conditions as provided for any other
7 sickness under the plan; however, coverage for treatment of
8 alcoholism and other substance-use disorders shall be subject to the
9 provisions of section 14 of P.L. , c. (C.)(pending before the
10 Legislature as this bill).

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

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

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

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

30 c. The provisions of this section shall apply to all health benefits
31 plans in which the carrier has reserved the right to change the
32 premium.

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

34

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

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

45 In addition, if the health benefits plan provides benefits for a
46 disorder that is included in the latest edition of the Diagnostic and
47 Statistical Manual of Mental Disorders and is not a biologically-
48 based mental illness, the plan shall provide benefits for that disorder

1 under the same terms and conditions as provided for any other
2 sickness under the plan; however, coverage for treatment of
3 alcoholism and other substance-use disorders shall be subject to the
4 provisions of section 15 of P.L. , c. (C.)(pending before the
5 Legislature as this bill).

6 "Biologically-based mental illness" means a mental or nervous
7 condition that is caused by a biological disorder of the brain and
8 results in a clinically significant or psychological syndrome or
9 pattern that substantially limits the functioning of the person with
10 the illness, including but not limited to, schizophrenia,
11 schizoaffective disorder, major depressive disorder, bipolar
12 disorder, paranoia and other psychotic disorders, obsessive-
13 compulsive disorder, panic disorder and pervasive developmental
14 disorder or autism. "Same terms and conditions" means that the
15 plan cannot apply different copayments, deductibles or benefit
16 limits, including day or visit limits or annual or lifetime dollar
17 limits, to biologically-based or other mental health benefits, as
18 applicable, than those applied to other medical or surgical benefits.

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

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

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

25 c. The provisions of this section shall apply to all health benefits
26 plans in which the carrier has reserved the right to change the
27 premium.

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

29

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

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

40 In addition, if the contract provides health care services for a
41 disorder that is included in the latest edition of the Diagnostic and
42 Statistical Manual of Mental Disorders and is not a biologically-
43 based mental illness, the contract shall provide health care services
44 for that disorder under the same terms and conditions as provided
45 for any other sickness under the contract; however, coverage for
46 treatment of alcoholism and other substance-use disorders shall be
47 subject to the provisions of section 16 of P.L. ,
48 c. (C.)(pending before the Legislature as this bill).

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. "Same terms and conditions" means that the
10 health maintenance organization cannot apply different copayments,
11 deductibles or health care services limits, including day or visit
12 limits or annual or lifetime dollar limits, to biologically-based or
13 other mental health care services, as applicable, than those applied
14 to other medical or surgical health care services.

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

17 (1) whether a mental health care service meets the medical
18 necessity standard as established by the health maintenance
19 organization; or

20 (2) which providers shall be entitled to reimbursement or to be
21 participating providers, as appropriate, for mental health services
22 under the **[enrollee agreement]** contract.

23 c. The provisions of this section shall apply to **[enrollee**
24 **agreements]** contracts in which the health maintenance
25 organization has reserved the right to change the premium.

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

27

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

30 9. An employer in this State who provides health benefits
31 coverage to his employees or their dependents for treatment of
32 biologically-based or other mental illness shall annually, and upon
33 request of an employee at other times during the year, notify his
34 employees whether the employees' coverage for treatment of
35 **[biologically-based]** mental illness is subject to the requirements of
36 this act.

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

38

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

41 1. No group or individual contract providing hospital or medical
42 expense benefits shall be delivered, issued, executed or renewed in
43 this State, or approved for issuance or renewal in this State by the
44 Commissioner of Banking and Insurance, on or after the effective
45 date of this act, unless such contract provides benefits to any
46 subscriber or other person covered thereunder for expenses incurred
47 in connection with the treatment of alcoholism and other substance-
48 use disorders when such treatment is **[prescribed by a doctor of**

1 medicine] ordered by a physician, licensed clinical alcohol and
2 drug counselor or other appropriately trained, licensed health care
3 professional based upon a diagnosis of alcoholism or other
4 substance-use disorder as provided in the latest edition of the
5 Diagnostic and Statistical Manual of Mental Disorders and an
6 assessment of the appropriate level of treatment placement that
7 utilizes the most recent patient placement criteria adopted by the
8 American Society of Addiction Medicine, or such other generally
9 accepted clinical criteria as may be subsequently determined by the
10 Commissioner of Banking and Insurance, by regulation, to be more
11 appropriate. Such benefits shall be provided [to the same extent]
12 under the same terms and conditions as provided for any other
13 [sickness] disease or illness under the contract.

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

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

31 Every contract shall include such benefits for the treatment of
32 alcoholism and other substance-use disorders as are hereinafter set
33 forth:

34 a. Inpatient or outpatient care in a [licensed hospital] health
35 care facility licensed pursuant to P.L.1971, c.136 (C.26:2H-1 et
36 seq.);

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

39 c. [Confinement as an inpatient or outpatient at a licensed,
40 certified, or state approved residential treatment facility, under a
41 program which meets minimum standards of care equivalent to
42 those prescribed by the Joint Commission on Hospital
43 Accreditation] Participation as an inpatient at a residential facility
44 licensed pursuant to N.J.A.C.8:42A-1.1 et seq. or as an outpatient in
45 a State-approved outpatient treatment facility that meets minimum
46 standards of care as set forth by the Department of Human Services;
47 and

48 d. Treatment provided by a physician, licensed clinical alcohol

1 and drug counselor, or other appropriately trained, licensed health
2 care professional.

3 Treatment **【or confinement】** at any facility shall not preclude
4 further or additional treatment at any other eligible facility;
5 provided, however, that the benefit days used do not exceed the
6 total number of benefit days provided for any other **【sickness】**
7 disease or illness under the contract.

8 Nothing in this section shall be construed to prohibit the medical
9 service corporation from determining if the treatment of alcoholism
10 and other substance-use disorders is medically necessary; however,
11 the medical service corporation shall, for this purpose, use the most
12 recent patient placement criteria adopted by the American Society
13 of Addiction Medicine, or such other generally accepted clinical
14 criteria as may be subsequently determined by the Commissioner of
15 Banking and Insurance, by regulation, to be more appropriate.

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

21

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

24 34. No group or individual contract providing health service
25 coverage shall be delivered, issued, executed, or renewed in this
26 State, or approved for issuance or renewal in this State by the
27 commissioner, on or after the effective date of this act, unless the
28 contract provides benefits to any subscriber or other person covered
29 thereunder for expenses incurred in connection with treatment of
30 alcoholism and other substance-use disorders when the treatment is
31 **【prescribed by a doctor of medicine】** ordered by a physician,
32 licensed clinical alcohol and drug counselor or other appropriately
33 trained, licensed health care professional based upon a diagnosis of
34 alcoholism or other substance-use disorder as provided in the latest
35 edition of the Diagnostic and Statistical Manual of Mental
36 Disorders and an assessment of the appropriate level of treatment
37 placement that utilizes the most recent patient placement criteria
38 adopted by the American Society of Addiction Medicine, or such
39 other generally accepted clinical criteria as may be subsequently
40 determined by the Commissioner of Banking and Insurance, by
41 regulation, to be more appropriate. Benefits shall be provided **【to**
42 **the same extent】** under the same terms and conditions as provided
43 for any other **【sickness】** disease or illness under the contract.

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

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

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

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

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

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

19 c. **【Confinement as an inpatient or outpatient at a licensed,**
20 **certified, or state approved residential treatment facility, under a**
21 **program which meets minimum standards of care equivalent to**
22 **those prescribed by the Joint Commission on Hospital**
23 **Accreditation】** Participation as an inpatient at a residential facility
24 licensed pursuant to N.J.A.C.8:42A-1.1 et seq. or as an outpatient in
25 a State-approved outpatient treatment facility that meets minimum
26 standards of care as set forth by the Department of Human Services;
27 and

28 d. Treatment provided by a physician, licensed clinical alcohol
29 and drug counselor, or other appropriately trained, licensed health
30 care professional.

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

36 Nothing in this section shall be construed to prohibit the health
37 service corporation from determining if the treatment of alcoholism
38 and other substance-use disorders is medically necessary; however,
39 the health service corporation shall, for this purpose, use the most
40 recent patient placement criteria adopted by the American Society
41 of Addiction Medicine, or such other generally accepted clinical
42 criteria as may be subsequently determined by the Commissioner of
43 Banking and Insurance, by regulation, to be more appropriate.

44 Nothing in this section shall be construed to change the manner
45 in which the health service corporation determines which health
46 care providers shall be entitled to reimbursement for providing
47 treatment services under the contract.

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

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

3 1. No health insurance **【contract】** policy providing hospital or
4 medical expense benefits shall be delivered, issued, executed or
5 renewed in this State, or approved for issuance or renewal in this
6 State by the Commissioner of Banking and Insurance, on or after
7 the effective date of this act, unless such **【contract】** policy provides
8 benefits to any **【subscriber】** insured or other person covered
9 thereunder for expenses incurred in connection with the treatment
10 of alcoholism and other substance-use disorders when such
11 treatment is **【prescribed by a doctor of medicine】** ordered by a
12 physician, licensed clinical alcohol and drug counselor or other
13 appropriately trained, licensed health care professional based upon a
14 diagnosis of alcoholism or other substance-use disorder as provided
15 in the latest edition of the Diagnostic and Statistical Manual of
16 Mental Disorders and an assessment of the appropriate level of
17 treatment placement that utilizes the most recent patient placement
18 criteria adopted by the American Society of Addiction Medicine, or
19 such other generally accepted clinical criteria as may be
20 subsequently determined by the Commissioner of Banking and
21 Insurance, by regulation, to be more appropriate. Such benefits
22 shall be provided **【to the same extent】** under the same terms and
23 conditions as provided for any other 【sickness】 disease or illness
24 under the 【contract】 policy.

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

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

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

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

47 b. Treatment at a detoxification facility licensed pursuant to

1 【P.L.1975, c.305】 section 8 of P.L.1975, c.305 (C.26:2B-14);

2 c. 【Confinement as an inpatient or outpatient at a licensed,
3 certified, or state approved residential treatment facility, under a
4 program which meets minimum standards of care equivalent to
5 those prescribed by the Joint Commission on Hospital
6 Accreditation】 Participation as an inpatient at a residential facility
7 licensed pursuant to N.J.A.C.8:42A-1.1 et seq. or as an outpatient in
8 a State-approved outpatient treatment facility that meets minimum
9 standards of care as set forth by the Department of Human Services;
10 and

11 d. Treatment provided by a physician, licensed clinical alcohol
12 and drug counselor, or other appropriately trained, licensed health
13 care professional.

14 Treatment 【or confinement】 at any facility shall not preclude
15 further or additional treatment at any other eligible facility;
16 provided, however, that the benefit days used do not exceed the
17 total number of benefit days provided for any other 【sickness】
18 disease or illness under the 【contract】 policy.

19 Nothing in this section shall be construed to prohibit the insurer
20 from determining if the treatment of alcoholism and other
21 substance-use disorders is medically necessary; however, the
22 insurer shall, for this purpose, use the most recent patient placement
23 criteria adopted by the American Society of Addiction Medicine, or
24 such other generally accepted clinical criteria as may be
25 subsequently determined by the Commissioner of Banking and
26 Insurance, by regulation, to be more appropriate.

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

31 (cf: P.L.1977, c.118, s.1)

32

33 13. Section 1 of P.L.1977, c.116 (C.17B:27-46.1) is amended to
34 read as follows:

35 1. No group health insurance 【contract】 policy providing
36 hospital or medical expense benefits shall be delivered, issued,
37 executed or renewed in this State, or approved for issuance or
38 renewal in this State by the Commissioner of Banking and
39 Insurance, on or after the effective date of this act, unless such
40 【contract】 policy provides benefits to any 【subscriber】 insured or
41 other person covered thereunder for expenses incurred in
42 connection with the treatment of alcoholism and other substance-
43 use disorders when such treatment is 【prescribed by a doctor of
44 medicine】 ordered by a physician, licensed clinical alcohol and
45 drug counselor or other appropriately trained, licensed health care
46 professional based upon a diagnosis of alcoholism or other
47 substance-use disorder as provided in the latest edition of the

1 Diagnostic and Statistical Manual of Mental Disorders and an
2 assessment of the appropriate level of treatment placement that
3 utilizes the most recent patient placement criteria adopted by the
4 American Society of Addiction Medicine, or such other generally
5 accepted clinical criteria as may be subsequently determined by the
6 Commissioner of Banking and Insurance, by regulation, to be more
7 appropriate. Such benefits shall be provided **[to the same extent]**
8 under the same terms and conditions as provided for any other
9 **[sickness]** disease or illness under the **[contract]** policy.

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

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

26 Every **[contract]** policy shall include such benefits for the
27 treatment of alcoholism and other substance-use disorders as are
28 hereinafter set forth:

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

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

34 c. **[Confinement as an inpatient or outpatient at a licensed,**
35 certified, or state approved residential treatment facility, under a
36 program which meets minimum standards of care equivalent to
37 those prescribed by the Joint Commission on Hospital
38 **Accreditation]** Participation as an inpatient at a residential facility
39 licensed pursuant to N.J.A.C.8:42A-1.1 et seq. or as an outpatient in
40 a State-approved outpatient treatment facility that meets minimum
41 standards of care as set forth by the Department of Human Services;
42 and

43 d. Treatment provided by a physician, licensed clinical alcohol
44 and drug counselor, or other appropriately trained, licensed health
45 care professional.

46 Treatment **[or confinement]** at any facility shall not preclude
47 further or additional treatment at any other eligible facility;
48 provided, however, that the benefit days used do not exceed the

1 total number of benefit days provided for any other **[sickness]**
2 **disease or illness** under the **[contract]** policy.

3 Nothing in this section shall be construed to prohibit the insurer
4 from determining if the treatment of alcoholism and other
5 substance-use disorders is medically necessary; however, the
6 insurer shall, for this purpose, use the most recent patient placement
7 criteria adopted by the American Society of Addiction Medicine, or
8 such other generally accepted clinical criteria as may be
9 subsequently determined by the Commissioner of Banking and
10 Insurance, by regulation, to be more appropriate.

11 Nothing in this section shall be construed to change the manner
12 in which the insurer determines which health care providers shall be
13 entitled to reimbursement for providing treatment services under the
14 policy.

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

16

17 14. (New section) Every individual health benefits plan that
18 provides hospital or medical expense benefits, and is delivered,
19 issued, executed or renewed in this State pursuant to P.L.1992,
20 c.161 (C.17B:27A-2 et seq.), on or after the effective date of this
21 act, shall provide coverage for expenses incurred in connection with
22 the treatment of alcoholism and other substance-use disorders when
23 such treatment is ordered by a physician, licensed clinical alcohol
24 and drug counselor or other appropriately trained, licensed health
25 care professional based upon a diagnosis of alcoholism or other
26 substance-use disorder as provided in the latest edition of the
27 Diagnostic and Statistical Manual of Mental Disorders and an
28 assessment of the appropriate level of treatment placement that
29 utilizes the most recent patient placement criteria adopted by the
30 American Society of Addiction Medicine, or such other generally
31 accepted clinical criteria as may be subsequently determined by the
32 Commissioner of Banking and Insurance, by regulation, to be more
33 appropriate. Such benefits shall be provided under the same terms
34 and conditions as provided for any other disease or illness under the
35 plan.

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

47 "Same terms and conditions" means that the carrier cannot apply
48 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 plan shall include such benefits for the treatment of
5 alcoholism and other substance-use disorders as are hereinafter set
6 forth:

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

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

11 c. Participation as an inpatient at a residential facility licensed
12 pursuant to N.J.A.C.8:42A-1.1 et seq. or as an outpatient in a State-
13 approved outpatient treatment facility that meets minimum
14 standards of care as set forth by the Department of Human Services;
15 and

16 d. Treatment provided by a physician, licensed clinical alcohol
17 and drug counselor, or other appropriately trained, licensed health
18 care professional.

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

23 Nothing in this section shall be construed to remove the carrier's
24 right to review the medical necessity of services rendered to treat
25 alcoholism and other substance-use disorders. As used in this
26 section, "medical necessity" shall have the same meaning as
27 provided in the most recent patient placement criteria adopted by
28 the American Society of Addiction Medicine, or such other
29 generally accepted clinical criteria as may be subsequently
30 determined by the Commissioner of Banking and Insurance, by
31 regulation, to be more appropriate.

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 contract.

36
37 15. (New section) Every small employer health benefits plan
38 that provides hospital or medical expense benefits and is delivered,
39 issued, executed or renewed in this State pursuant to P.L.1992,
40 c.162 (C.17B:27A-17 et seq.), on or after the effective date of this
41 act, shall provide coverage for expenses incurred in connection with
42 treatment of alcoholism and other substance-use disorders when
43 such treatment is ordered by a physician, licensed clinical alcohol
44 and drug counselor or other appropriately trained, licensed health
45 care professional based upon a diagnosis of alcoholism or other
46 substance-use disorder as provided in the latest edition of the
47 Diagnostic and Statistical Manual of Mental Disorders and an
48 assessment of the appropriate level of treatment placement that

1 utilizes the most recent patient placement criteria adopted by the
2 American Society of Addiction Medicine, or such other generally
3 accepted clinical criteria as may be subsequently determined by the
4 Commissioner of Banking and Insurance, by regulation, to be more
5 appropriate. Such benefits shall be provided under the same terms
6 and conditions as provided for any other disease or illness under the
7 plan.

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

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

24 Every plan shall include such benefits for the treatment of
25 alcoholism and other substance-use disorders as are hereinafter set
26 forth:

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

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

31 c. Participation as an inpatient at a residential facility licensed
32 pursuant to N.J.A.C.8:42A-1.1 et seq. or as an outpatient in a State-
33 approved outpatient treatment facility that meets minimum
34 standards of care as set forth by the Department of Human Services;
35 and

36 d. Treatment provided by a physician, licensed clinical alcohol
37 and drug counselor, or other appropriately trained, licensed health
38 care professional.

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

43 Nothing in this section shall be construed to prohibit the carrier
44 from determining if the treatment of alcoholism and other
45 substance-use disorders is medically necessary; however, the carrier
46 shall, for this purpose, use the most recent patient placement criteria
47 adopted by the American Society of Addiction Medicine, or such
48 other generally accepted clinical criteria as may be subsequently

1 determined by the Commissioner of Banking and Insurance, by
2 regulation, to be more appropriate.

3 Nothing in this section shall be construed to change the manner
4 in which the carrier determines which health care providers shall be
5 entitled to reimbursement for providing treatment services under the
6 health benefits plan.

7
8 16. (New section) Every contract for health care services, which
9 is delivered, issued, executed or renewed in this State pursuant to
10 P.L.1973, c.337 (C.26:2J-1 et seq.) or approved for issuance or
11 renewal in this State by the Commissioner of Banking and
12 Insurance, on or after the effective date of this act, shall provide
13 health care services for treatment of alcoholism and other
14 substance-use disorders when such treatment is ordered by a
15 physician, licensed clinical alcohol and drug counselor or other
16 appropriately trained, licensed health care professional based upon a
17 diagnosis of alcoholism or other substance-use disorder as provided
18 in the latest edition of the Diagnostic and Statistical Manual of
19 Mental Disorders and an assessment of the appropriate level of
20 treatment placement that utilizes the most recent patient placement
21 criteria adopted by the American Society of Addiction Medicine, or
22 such other generally accepted clinical criteria as may be
23 subsequently determined by the Commissioner of Banking and
24 Insurance, by regulation, to be more appropriate. Such health care
25 services shall be provided under the same terms and conditions as
26 provided for any other disease or illness under the contract.

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

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

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

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

48 b. Treatment at a detoxification facility licensed pursuant to

1 section 8 of P.L.1975, c.305 (C.26:2B-14);

2 c. Participation as an inpatient at a residential facility licensed
3 pursuant to N.J.A.C.8:42A-1.1 et seq. or as an outpatient in a State-
4 approved outpatient treatment facility that meets minimum
5 standards of care as set forth by the Department of Human Services;
6 and

7 d. Treatment provided by a physician, licensed clinical alcohol
8 and drug counselor, or other appropriately trained, licensed health
9 care professional.

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

14 Nothing in this section shall be construed to prohibit the carrier
15 from determining if the treatment of alcoholism and other
16 substance-use disorders is medically necessary; however, the carrier
17 shall, for this purpose, use the most recent patient placement criteria
18 adopted by the American Society of Addiction Medicine, or such
19 other generally accepted clinical criteria as may be subsequently
20 determined by the Commissioner of Banking and Insurance, by
21 regulation, to be more appropriate.

22 Nothing in this section shall be construed to change the manner
23 in which the carrier determines which health care providers shall be
24 entitled to reimbursement for providing treatment services under the
25 health benefits plan.

26

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

39

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

42 5. (A) The contract or contracts purchased by the commission
43 pursuant to section 4 shall provide separate coverages or policies as
44 follows:

45 (1) Basic benefits which shall include:

46 (a) Hospital benefits, including outpatient;

47 (b) Surgical benefits;

48 (c) Inpatient medical benefits;

1 (d) Obstetrical benefits; and

2 (e) Services rendered by an extended care facility or by a home
3 health agency and for specified medical care visits by a physician
4 during an eligible period of such services, without regard to
5 whether the patient has been hospitalized, to the extent and subject
6 to the conditions and limitations agreed to by the commission and
7 the carrier or carriers.

8 Basic benefits shall be substantially equivalent to those available
9 on a group remittance basis to employees of the State and their
10 dependents under the subscription contracts of the New Jersey
11 "Blue Cross" and "Blue Shield" Plans. Such basic benefits shall
12 include benefits for:

13 (i) Additional days of inpatient medical service;

14 (ii) Surgery elsewhere than in a hospital;

15 (iii) X-ray, radioactive isotope therapy and pathology services;

16 (iv) Physical therapy services;

17 (v) Radium or radon therapy services;

18 and the extended basic benefits shall be subject to the same
19 conditions and limitations, applicable to such benefits, as are set
20 forth in "Extended Outpatient Hospital Benefits Rider," Form 1500,
21 71(9-66), and in "Extended Benefit Rider" (as amended), Form MS
22 7050J(9-66) issued by the New Jersey "Blue Cross" and "Blue
23 Shield" Plans, respectively, and as the same may be amended or
24 superseded, subject to filing by the Commissioner of Banking and
25 Insurance; and

26 (2) Major medical expense benefits which shall provide benefit
27 payments for reasonable and necessary eligible medical expenses
28 for hospitalization, surgery, medical treatment and other related
29 services and supplies to the extent they are not covered by basic
30 benefits. The commission may, by regulation, determine what types
31 of services and supplies shall be included as "eligible medical
32 services" under the major medical expense benefits coverage as
33 well as those which shall be excluded from or limited under such
34 coverage. Benefit payments for major medical expense benefits
35 shall be equal to a percentage of the reasonable charges for eligible
36 medical services incurred by a covered employee or an employee's
37 covered dependent, during a calendar year as exceed a deductible
38 for such calendar year of \$100.00 subject to the maximums
39 hereinafter provided and to the other terms and conditions
40 authorized by this act. The percentage shall be 80% of the first
41 \$2,000.00 of charges for eligible medical services incurred
42 subsequent to satisfaction of the deductible and 100% thereafter.
43 There shall be a separate deductible for each calendar year for (a)
44 each enrolled employee and (b) all enrolled dependents of such
45 employee. Not more than \$1,000,000.00 shall be paid for major
46 medical expense benefits with respect to any one person for the
47 entire period of such person's coverage under the plan, whether
48 continuous or interrupted except that this maximum may be

1 reapplied to a covered person in amounts not to exceed \$2,000.00 a
2 year. Maximums of \$10,000.00 per calendar year and \$20,000.00
3 for the entire period of the person's coverage under the plan shall
4 apply to eligible expenses incurred because of [mental illness or
5 functional nervous disorders] any mental illness or functional
6 nervous disorder that is not included in the latest edition of the
7 Diagnostic and Statistical Manual of Mental Disorders, and such
8 may be reapplied to a covered person, [except as provided] in
9 accordance with the provisions of P.L.1999, c.441 (C.52:14-17.29d
10 et al.). The same provisions shall apply for retired employees and
11 their dependents. Under the conditions agreed upon by the
12 commission and the carriers as set forth in the contract, the
13 deductible for a calendar year may be satisfied in whole or in part
14 by eligible charges incurred during the last three months of the prior
15 calendar year.

16 Any service determined by regulation of the commission to be an
17 "eligible medical service" under the major medical expense benefits
18 coverage which is performed by a duly licensed practicing
19 psychologist within the lawful scope of his practice shall be
20 recognized for reimbursement under the same conditions as would
21 apply were such service performed by a physician.

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

29 Benefits under the contract or contracts purchased as authorized
30 by this act shall include those for the treatment of alcoholism or
31 other substance-use disorders where such treatment is [prescribed]
32 ordered by a physician [and shall also include treatment while
33 confined in or as an outpatient of a licensed hospital or residential
34 treatment program which meets minimum standards of care
35 equivalent to those prescribed by the Joint Commission on Hospital
36 Accreditation. No benefits shall be provided beyond those
37 stipulated in the contracts held by the State Health Benefits
38 Commission.], licensed clinical alcohol and drug counselor or
39 other appropriately trained, licensed health care professional based
40 upon a diagnosis of alcoholism or other substance-use disorder as
41 provided in the latest edition of the Diagnostic and Statistical
42 Manual of Mental Disorders and an assessment of the appropriate
43 level of treatment placement that utilizes the most recent patient
44 placement criteria adopted by the American Society of Addiction
45 Medicine, or such other generally accepted clinical criteria as may
46 be subsequently determined by the Commissioner of Banking and
47 Insurance, by regulation, to be more appropriate. The benefits shall
48 be provided in accordance with the provisions of section 21 of

1 P.L. , c. (C.) (pending before the Legislature as this bill).

2 (C) The rates charged for any contract purchased under the
3 authority of this act shall reasonably and equitably reflect the cost
4 of the benefits provided based on principles which in the judgment
5 of the commission are actuarially sound. The rates charged shall be
6 determined by the carrier on accepted group rating principles with
7 due regard to the experience, both past and contemplated, under the
8 contract. The commission shall have the right to particularize
9 subgroups for experience purposes and rates. No increase in rates
10 shall be retroactive.

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

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

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

44 (cf: P.L.1999, c.441, s.3)

45

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

48 1. As used in this act:

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 "Carrier" means an insurance company, health service
11 corporation, hospital service corporation, medical service
12 corporation or health maintenance organization authorized to issue
13 health benefits plans in this State.

14 "Same terms and conditions" means that a carrier cannot apply
15 different copayments, deductibles or benefit limits, including day or
16 visit limits or annual or lifetime dollar limits, to biologically-based
17 or other mental health benefits, as applicable, than those applied to
18 other medical or surgical benefits.
19 (cf: P.L.1999, c.441, s.1)

20

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

23 2. a. The State Health Benefits Commission shall ensure that
24 every contract purchased by the commission on or after the
25 effective date of this act that provides hospital or medical expense
26 benefits shall provide coverage for biologically-based mental illness
27 under the same terms and conditions as provided for any other
28 **[sickness]** disease or illness under the contract.

29 In addition, the State Health Benefits Commission shall ensure
30 that every such contract, which provides coverage for a disorder
31 that is included in the latest edition of the Diagnostic and Statistical
32 Manual of Mental Disorders and is not a biologically-based mental
33 illness, shall provide coverage for that disorder under the same
34 terms and conditions as provided for any other disease or illness
35 under the contract.

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

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

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

42 c. The commission shall provide notice to employees regarding
43 the coverage required by this section in accordance with this
44 subsection and regulations promulgated by the Commissioner of
45 Health and Senior Services pursuant to the "Administrative
46 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.). The notice
47 shall be in writing and prominently positioned in any literature or
48 correspondence and shall be transmitted at the earliest of: (1) the

1 next mailing to the employee; (2) the yearly informational packet
2 sent to the employee; or (3) July 1, 2000. The commission shall
3 also ensure that the carrier under contract with the commission,
4 upon receipt of information that a covered person is receiving
5 treatment for a biologically-based or other mental illness, shall
6 promptly notify that person of the coverage required by this section.
7 (cf: P.L.1999, c.441, s.2)

8
9 21. (New section) The State Health Benefits Commission shall
10 ensure that every contract purchased by the commission on or after
11 the effective date of P.L. , c. (C.)(pending before the
12 Legislature as this bill) provides hospital or medical expense
13 benefits for the treatment of alcoholism and other substance-use
14 disorders under the same terms and conditions as provided for any
15 other disease or illness under the contract.

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

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

32 Every contract shall include such benefits for the treatment of
33 alcoholism and other substance-use disorders as are hereinafter set
34 forth:

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

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

39 c. Participation as an inpatient at a residential facility licensed
40 pursuant to N.J.A.C.8:42A-1.1 et seq. or as an outpatient in a State-
41 approved outpatient treatment facility that meets minimum
42 standards of care as set forth by the Department of Human Services;
43 and

44 d. Treatment provided by a physician, licensed clinical alcohol
45 and drug counselor or other appropriately trained, licensed health
46 care professional.

47 Treatment at any facility shall not preclude further or additional
48 treatment at any other eligible facility; provided, however, that the

1 benefit days used do not exceed the total number of benefit days
2 provided for any other disease or illness under the contract.

3 Nothing in this section shall be construed to prohibit the State
4 Health Benefits Commission from determining if the treatment of
5 alcoholism and other substance-use disorders is medically
6 necessary; however, the commission shall, for this purpose, use the
7 most recent patient placement criteria adopted by the American
8 Society of Addiction Medicine, or such other generally accepted
9 clinical criteria as may be subsequently determined by the
10 Commissioner of Banking and Insurance, by regulation, to be more
11 appropriate.

12 Nothing in this section shall be construed to change the manner
13 in which the State Health Benefits Commission determines which
14 health care providers shall be entitled to reimbursement for
15 providing treatment services under the contract.

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 and other substance-
26 use disorders when such treatment is 【prescribed by a doctor of
27 medicine】 ordered by a physician, licensed clinical alcohol and
28 drug counselor or other appropriately trained, licensed health care
29 professional based upon a diagnosis of alcoholism or other
30 substance-use disorder as provided in the latest edition of the
31 Diagnostic and Statistical Manual of Mental Disorders and an
32 assessment of the appropriate level of treatment placement that
33 utilizes the most recent patient placement criteria adopted by the
34 American Society of Addiction Medicine, or such other generally
35 accepted clinical criteria as may be subsequently determined by the
36 Commissioner of Banking and Insurance, by regulation, to be more
37 appropriate. Such benefits shall be provided 【to the same extent】
38 under the same terms and conditions as provided for any other
39 【sickness】 disease or illness under the contract.

40 "Treatment of alcoholism and other substance-use disorders"
41 includes, but is not limited to, any of the following items or services
42 provided for treatment of alcoholism or other substance-use
43 disorders: inpatient or outpatient treatment, including
44 detoxification, screening and assessment, case management,
45 medication management, psychiatric consultations and individual,
46 group and family counseling, and relapse prevention; non-hospital
47 residential treatment; and prevention services, including health
48 education and individual and group counseling to encourage the

1 reduction of risk factors for alcoholism or other substance-use
2 disorders.

3 "Same terms and conditions" means that the medical 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 alcoholism and other substance-use disorder
7 treatment services than those applied to other medical or surgical
8 expense benefits.

9 Every contract shall include such benefits for the treatment of
10 alcoholism and other substance-use disorders as are hereinafter set
11 forth:

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

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

17 c. **[Confinement as an inpatient or outpatient at a licensed,**
18 **certified, or state approved residential treatment facility, under a**
19 **program which meets minimum standards of care equivalent to**
20 **those prescribed by the Joint Commission on Hospital**
21 **Accreditation]** Participation as an inpatient at a residential facility
22 licensed pursuant to N.J.A.C.8:42A-1.1 et seq. or as an outpatient in
23 a State-approved outpatient treatment facility that meets minimum
24 standards of care as set forth by the Department of Human Services;
25 and

26 d. Treatment provided by a physician, licensed clinical alcohol
27 and drug counselor, or other appropriately trained, licensed health
28 care professional.

29 Treatment **[or confinement]** at any facility shall not preclude
30 further or additional treatment at any other eligible facility;
31 provided, however, that the benefit days used do not exceed the
32 total number of benefit days provided for any other **[sickness]**
33 disease or illness under the contract.

34 Nothing in this section shall be construed to prohibit the hospital
35 service corporation from determining if the treatment of alcoholism
36 and other substance-use disorders is medically necessary; however,
37 the hospital service corporation shall, for this purpose, use the most
38 recent patient placement criteria adopted by the American Society
39 of Addiction Medicine, or such other generally accepted clinical
40 criteria as may be subsequently determined by the Commissioner of
41 Banking and Insurance, by regulation, to be more appropriate.

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

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

47

48 23. This act shall take effect on the 90th day after enactment and

1 shall apply to policies or contracts issued or renewed on or after the
2 effective date.

3

4

5

STATEMENT

6

7 This bill provides for expanded health insurance coverage for
8 treatment of mental and nervous disorders and alcoholism and other
9 substance-use disorders.

10 **Mental Health Coverage:** The bill expands the mental health
11 coverage provisions of P.L.1999, c.106 and P.L.1999, c.441 to
12 require that if a health insurer provides coverage for a disorder that
13 is included in the latest edition of the Diagnostic and Statistical
14 Manual of Mental Disorders (currently, the DSM-IV) and is not a
15 biologically-based mental illness, the insurer shall provide coverage
16 for that disorder under the same terms and conditions as provided
17 for any other sickness under the policy. Health insurers include
18 hospital, medical and health service corporations, individual and
19 small employer and large group commercial health insurers and
20 health maintenance organizations. These provisions would also
21 apply to the State Health Benefits Program.

22 The mental health "parity" coverage requirement is currently
23 limited to biologically-based mental illness, which is defined as a
24 "mental or nervous condition that is caused by a biological disorder
25 of the brain and results in a clinically significant or psychological
26 syndrome or pattern that substantially limits the functioning of the
27 person with 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 The DSM-IV is published by the American Psychiatric
33 Association and is the principal diagnostic reference used by mental
34 health professionals in the United States. The DSM-IV includes a
35 broader range of mental and nervous disorders than biologically-
36 based mental illnesses.

37 The bill also clarifies the definition of "same terms and
38 conditions," and makes it consistent with the definition of that term
39 as provided in the sections of the bill concerning benefits for
40 treatment of alcoholism and substance-use disorders. The revised
41 definition provides that an insurer cannot apply different
42 copayments, deductibles or benefit limits, "including day or visit
43 limits or annual or lifetime dollar limits," to mental health benefits
44 than the insurer applies to other medical or surgical benefits.

45 **Coverage for Treatment of Alcoholism and Other Substance-**
46 **use Disorders:** The bill also requires health insurers, as well as the
47 State Health Benefits Program, to provide coverage for treatment of

1 alcoholism and other substance-use disorders under the same terms
2 and conditions as for other diseases or illnesses.

3 Specifically, the bill revises the existing statutory requirement to
4 provide coverage for treatment of alcoholism that applies to
5 hospital, medical and health service corporations, commercial
6 health insurers and the State Health Benefits Program (but currently
7 not to individual and small employer health benefits plans and
8 health maintenance organizations), to add coverage for treatment of
9 other substance-use disorders and to specify the types of benefits
10 that must be covered. The bill extends the requirement to provide
11 coverage for treatment of alcoholism to those health insurers which
12 are not already mandated by State law to provide such coverage,
13 and includes the requirement to provide coverage for treatment of
14 other substance-use disorders.

15 The bill provides that:

- 16 • Benefits shall be provided when the treatment is ordered by a
17 physician, licensed clinical alcohol and drug counselor, or other
18 appropriately trained, licensed health care professional based
19 upon a diagnosis of alcoholism or other substance-use disorder
20 as provided in the latest edition of the DSM (currently, the
21 DSM-IV) and an assessment of the appropriate level of
22 treatment placement that utilizes the most recent patient
23 placement criteria adopted by the American Society of
24 Addiction Medicine, or such other generally accepted clinical
25 criteria as may be subsequently determined by the
26 Commissioner of Banking and Insurance, by regulation, to be
27 more appropriate.
- 28 • "Treatment of alcoholism and other substance-use disorders" is
29 defined to include, but not be limited to, any of the following
30 items or services provided for treatment of alcoholism and other
31 substance-use disorders: inpatient or outpatient treatment,
32 including detoxification, screening and assessment, case
33 management, medication management, psychiatric consultations
34 and individual, group and family counseling, and relapse
35 prevention; non-hospital residential treatment; and prevention
36 services, including health education and individual and group
37 counseling to encourage the reduction of risk factors for
38 alcoholism or other substance-use disorders.
- 39 • "Same terms and conditions" is defined to mean that the insurer
40 cannot apply different copayments, deductibles or benefit limits,
41 including day or visit limits or annual or lifetime dollar limits,
42 to alcoholism and other substance-use disorders treatment
43 services than those applied to other medical or surgical expense
44 benefits.
- 45 • All health insurance contracts or policies shall provide the
46 following benefits:
 - 47 -- inpatient or outpatient care in a licensed health care
48 facility;

- 1 -- treatment at a State-licensed detoxification facility;
- 2 -- participation as an inpatient at a State-licensed residential
- 3 facility or as an outpatient in a State-approved outpatient
- 4 treatment facility that meets minimum standards of care as set
- 5 forth by the Department of Human Services; and
- 6 -- treatment provided by a physician, licensed clinical
- 7 alcohol and drug counselor, or other appropriately trained,
- 8 licensed health care professional.
- 9 • Treatment at any facility shall not preclude further or additional
- 10 treatment at any other eligible facility if the benefit days used do
- 11 not exceed the total number of benefit days provided for any
- 12 other disease or illness under the contract or policy.
- 13 • The provisions of the bill shall not be construed to:
- 14 -- prohibit an insurer from determining if the treatment of
- 15 alcoholism and other substance-use disorders is medically
- 16 necessary; however, the insurer shall, for this purpose, use the
- 17 most recent patient placement criteria adopted by the American
- 18 Society of Addiction Medicine, or such other generally accepted
- 19 clinical criteria as may be subsequently determined by the
- 20 Commissioner of Banking and Insurance, by regulation, to be
- 21 more appropriate; and
- 22 -- change the manner in which the insurer determines which
- 23 health care providers shall be entitled to reimbursement for
- 24 providing treatment services under the policy or contract.
- 25 The bill takes effect on the 90th day after the date of enactment
- 26 and will apply to health insurance contracts and policies issued or
- 27 renewed on or after that date.