

ASSEMBLY, No. 968

STATE OF NEW JERSEY

214th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2010 SESSION

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)

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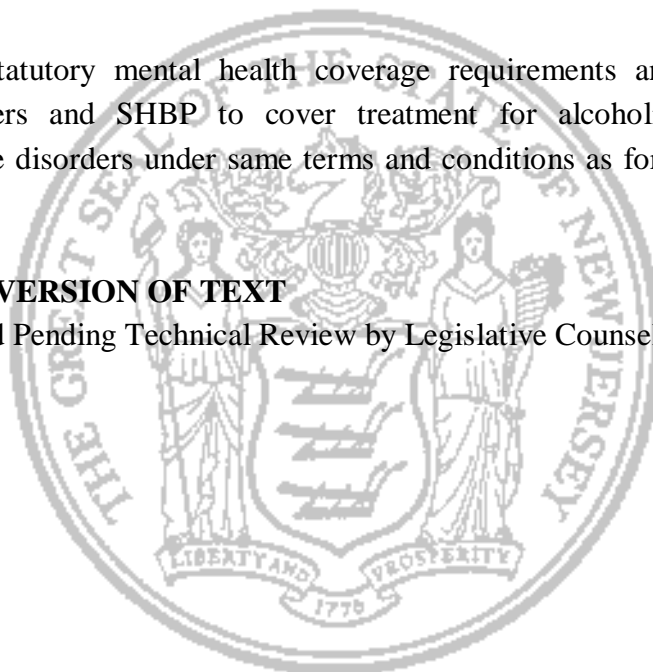
Assemblywoman Wagner, Assemblyman Coutinho and Assemblywoman Voss

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

Introduced Pending Technical Review by Legislative Counsel



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
45 Banking and Insurance, in consultation with 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 Health and Senior Services.

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

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

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

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

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

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

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

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

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

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

39

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

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

1 and conditions as provided for any other sickness under the
2 contract.

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

9 (2) As used in this section:

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

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

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

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

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

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

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

1 which the medical service corporation has reserved the right to
2 change the premium.

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

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

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

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

20

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

23 3. (1) a. Every individual and group health service corporation
24 contract that provides hospital or medical expense benefits and is
25 delivered, issued, executed or renewed in this State pursuant to
26 P.L.1985, c.236 (C.17:48E-1 et seq.), or approved for issuance or
27 renewal in this State by the Commissioner of Banking and
28 Insurance, on or after the effective date of this act shall provide
29 coverage for biologically-based mental illness under the same
30 terms and conditions as provided for any other sickness under the
31 contract.

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

38 (2) As used in this section:

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

48 "Serious non-biologically-based mental illness" means a mental

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

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

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

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

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

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

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

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

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

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

48 (cf: P.L.1999, c.106, s.3)

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

3 4. (1) a. Every individual health insurance policy that provides
4 hospital or medical expense benefits and is delivered, issued,
5 executed or renewed in this State pursuant to chapter 26 of Title
6 17B of the New Jersey Statutes, or approved for issuance or renewal
7 in this State by the Commissioner of Banking and Insurance, on or
8 after the effective date of this act shall provide coverage for
9 biologically-based mental illness under the same terms and
10 conditions as provided for any other sickness under the contract.

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

17 (2) As used in this section:

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.

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

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

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

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

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

1 providing services for mental illness under the policy.

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

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

8 e. Notwithstanding the provisions of subsection a. of this section
9 to the contrary:

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

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

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

25

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

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

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

42 (2) As used in this section:

43 "Biologically-based mental illness" means a mental or nervous
44 condition that is caused by a biological disorder of the brain and
45 results in a clinically significant or psychological syndrome or
46 pattern that substantially limits the functioning of the person with
47 the illness, including but not limited to, schizophrenia,
48 schizoaffective disorder, major depressive disorder, bipolar

1 disorder, paranoia and other psychotic disorders, obsessive-
2 compulsive disorder, panic disorder and pervasive developmental
3 disorder or autism.

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

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

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

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

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

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

31 d. The provisions of this section shall apply to all policies in
32 which the insurer has reserved the right to 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 policy, including deductibles,
39 copayments, coinsurance, out-of-pocket expenses, and annual and
40 lifetime limits, and the policy 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 policy, 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.5)

3

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

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

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

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 carrier 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 carrier determines:

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

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

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 carrier or its designated
8 utilization review organization.

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

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

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

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

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

29

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

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

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

46 (2) As used in this section:

47 "Biologically-based mental illness" means a mental or nervous
48 condition that is caused by a biological disorder of the brain and

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

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

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

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

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

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

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

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

38 e. Notwithstanding the provisions of subsection a. of this section
39 to the contrary:

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

48 (2) The treatment limitations applicable to coverage for mental

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

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

7

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

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

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

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
45 Banking and Insurance, in consultation with the Commissioner of
46 Health and Senior Services.

47 "Same terms and conditions" means that the health maintenance

1 organization cannot apply different copayments, deductibles or
2 health care services limits, including day or visit limits or annual or
3 lifetime dollar limits, to biologically-based or other mental health
4 care services, as applicable, than those applied to other medical or
5 surgical health care services.

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

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

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

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

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

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

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

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

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

39

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

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

1 of this act.
2 (cf: P.L.1999, c.106, s.9)

3
4 10. Section 1 of P.L.1977, c.117 (C.17:48A-7a) is amended to
5 read as follows:

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

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

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

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

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

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

42 c. **[Confinement as an inpatient or outpatient at a licensed,**
43 **certified, or state approved residential treatment facility, under a**
44 **program which meets minimum standards of care equivalent to**
45 **those prescribed by the Joint Commission on Hospital**
46 **Accreditation]** Participation as an inpatient at a residential facility
47 licensed by the Division of Addiction Services in the Department of

1 Human Services or as an outpatient in a State-approved outpatient
2 treatment facility that meets minimum standards of care as set forth
3 by the Department of Human Services; and

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

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

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

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

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

22 Notwithstanding the provisions of this section to the contrary:

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

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

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

40
41 11. Section 34 of P.L.1985, c.236 (C.17:48E-34) is amended to
42 read as follows:

43 34. No group or individual contract providing health service
44 coverage shall be delivered, issued, executed, or renewed in this
45 State, or approved for issuance or renewal in this State by the
46 commissioner, on or after the effective date of this act, unless the
47 contract provides benefits to any subscriber or other person covered

1 thereunder for expenses incurred in connection with treatment of
2 alcoholism **【when the treatment is prescribed by a doctor of**
3 **medicine】** and other substance-use disorders. Benefits shall be
4 provided **【to the same extent】** under the same terms and conditions
5 as provided for any other **【sickness】** disease or illness under the
6 contract.

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

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

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

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

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

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

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

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

46 Nothing in this section shall be construed to prohibit the health
47 service corporation from determining if the treatment of alcoholism

1 and other substance-use disorders is medically necessary.

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

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

10 Notwithstanding the provisions of this section to the contrary:

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

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

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

28

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

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

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,

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 insurer cannot apply
8 different copayments, deductibles or benefit limits, including day or
9 visit limits or annual or lifetime dollar limits, to alcoholism and
10 other substance-use disorder treatment services than those applied
11 to other medical or surgical expense benefits.

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

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

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

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

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

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

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

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

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

47 Notwithstanding the provisions of this section to the contrary:

1 (1) The financial requirements applicable to coverage 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 covered by
5 the policy, including deductibles, copayments, coinsurance, out-of-
6 pocket expenses, and annual and lifetime limits, and the policy may
7 not establish separate cost-sharing requirements that are applicable
8 only with respect to coverage for alcoholism and other substance-
9 use disorders; and

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

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

18
19 13. Section 1 of P.L.1977, c.116 (C.17B:27-46.1) is amended to
20 read as follows:

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

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

44 "Same terms and conditions" means that the insurer cannot apply
45 different copayments, deductibles or benefit limits, including day or
46 visit limits or annual or lifetime dollar limits, to alcoholism and
47 other substance-use disorder treatment services than those applied

1 to other medical or surgical expense benefits.

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

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

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

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

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

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

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

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

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

37 Notwithstanding the provisions of this section to the contrary:

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

47 (2) The treatment limitations applicable to coverage for

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

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

8

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

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 carrier cannot apply
30 different copayments, deductibles or benefit limits, including day or
31 visit limits or annual or lifetime dollar limits, to alcoholism and
32 other substance-use disorder treatment services than those applied
33 to other medical or surgical expense benefits.

34 Every plan shall include such benefits for the treatment of
35 alcoholism and other substance-use disorders as are hereinafter set
36 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 plan.

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

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

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

15 Notwithstanding the provisions of this section to the contrary:

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

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

31

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

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

1 education and individual and group counseling to encourage the
2 reduction of risk factors for alcoholism or other substance-use
3 disorders.

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

9 Every plan 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 health care facility licensed
13 pursuant to P.L.1971, c.136 (C.26:2H-1 et seq.);

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

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

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

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

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

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

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

38 Notwithstanding the provisions of this section to the contrary:

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

48 (2) The treatment limitations applicable to coverage for

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

6
7 16. (New section) Every contract for health care services, which
8 is delivered, issued, executed or renewed in this State pursuant to
9 P.L.1973, c.337 (C.26:2J-1 et seq.) or approved for issuance or
10 renewal in this State by the Commissioner of Banking and
11 Insurance, on or after the effective date of this act, shall provide
12 health care services for the treatment of alcoholism and other
13 substance-use disorders. Such health care services shall be
14 provided 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 the health maintenance
28 organization cannot apply different copayments, deductibles or
29 benefit limits, including day or visit limits or annual or lifetime
30 dollar limits, to alcoholism and other substance-use disorder
31 treatment services than those applied to other health care services.

32 Every contract shall include such health care services for the
33 treatment of alcoholism and other substance-use disorders as are
34 hereinafter set 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 by the Division of Addiction Services in the Department of Human
41 Services or as an outpatient in a State-approved outpatient treatment
42 facility that meets minimum standards of care as set forth by the
43 Department of Human Services; and

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

46 Treatment at any facility shall not preclude further or additional
47 treatment at any other eligible facility; provided, however, that the
48 benefit days used do not exceed the total number of benefit days

1 provided for any other disease or illness under the contract.

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

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

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

14 Notwithstanding the provisions of this section to the contrary:

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

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

30

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

42

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

45 5. (A) The contract or contracts purchased by the commission
46 pursuant to subsection b. of section 4 of P.L.1961, c.49 (C.52:14-
47 17.28) shall provide separate coverages or policies as follows:

48 (1) Basic benefits which shall include:

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

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

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

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

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

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

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

26 (B) The contract or contracts purchased by the commission
27 pursuant to subsection c. of section 4 of P.L.1961, c.49 (C.52:14-
28 17.28) shall include coverage for services and benefits that are at a
29 level that is equal to or exceeds the level of services and benefits set
30 forth in this subsection, provided that such services and benefits
31 shall include only those that are eligible medical services and not
32 those deemed experimental, investigative or otherwise not eligible
33 medical services. The determination of whether services or benefits
34 are eligible medical services shall be made by the commission
35 consistent with the best interests of the State and participating
36 employers, employees, and dependents. The following list of
37 services is not intended to be exclusive or to require that any limits
38 or exclusions be exceeded.

39 Covered services shall include:

40 (1) Physician services, including:

41 (a) Inpatient services, including:

42 (i) medical care including consultations;

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

44 (iii) obstetrical services including normal delivery, cesarean
45 section, and abortion.

46 (b) Outpatient/out-of-hospital services, including:

47 (i) office visits for covered services and care;

- 1 (ii) allergy testing and related diagnostic/therapy services;
- 2 (iii) dialysis center care;
- 3 (iv) maternity care;
- 4 (v) well child care;
- 5 (vi) child immunizations/lead screening;
- 6 (vii) routine adult physicals including pap, mammography, and
- 7 prostate examinations; and
- 8 (viii) annual routine obstetrical/gynecological exam.
- 9 (2) Hospital services, both inpatient and outpatient, including:
- 10 (a) room and board;
- 11 (b) intensive care and other required levels of care;
- 12 (c) semi-private room;
- 13 (d) therapy and diagnostic services;
- 14 (e) surgical services or facilities and treatment related thereto;
- 15 (f) nursing care;
- 16 (g) necessary supplies, medicines, and equipment for care; and
- 17 (h) maternity care and related services.
- 18 (3) Other facility and services, including:
- 19 (a) approved treatment centers for medical
- 20 emergency/accidental injury;
- 21 (b) approved surgical center;
- 22 (c) hospice;
- 23 (d) chemotherapy;
- 24 (e) diagnostic x-ray and lab tests;
- 25 (f) ambulance;
- 26 (g) durable medical equipment;
- 27 (h) prosthetic devices;
- 28 (i) foot orthotics;
- 29 (j) diabetic supplies and education; and
- 30 (k) oxygen and oxygen administration.
- 31 (4) All services for which coverage is required pursuant to
- 32 P.L.1961, c.49 (C.52:14-17.25 et seq.), as amended and
- 33 supplemented. Benefits under the contract or contracts purchased as
- 34 authorized by the State Health Benefits Program shall include those
- 35 for mental health services subject to limits and exclusions
- 36 consistent with the provisions of the New Jersey State Health
- 37 Benefits Program Act.
- 38 (C) The contract or contracts purchased by the commission
- 39 pursuant to subsection c. of section 4 of P.L.1961, c.49 (C.52:14-
- 40 17.28) shall include the following provisions regarding
- 41 reimbursements and payments:
- 42 (1) In the successor plan, the co-payment for doctor's office
- 43 visits shall be \$10 per visit with a maximum out-of-pocket of \$400
- 44 per individual and \$1,000 per family for in-network services for
- 45 each calendar year. The out-of-network deductible shall be \$100 per
- 46 individual and \$250 per family for each calendar year, and the
- 47 participant shall receive reimbursement for out-of-network charges

1 at the rate of 80% of reasonable and customary charges, provided
2 that the out-of-pocket maximum shall not exceed \$2,000 per
3 individual and \$5,000 per family for each calendar year.

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

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

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

41 (E) The rates charged for any contract purchased under the
42 authority of this act shall reasonably and equitably reflect the cost
43 of the benefits provided based on principles which in the judgment
44 of the commission are actuarially sound. The rates charged shall be
45 determined by the carrier on accepted group rating principles with
46 due regard to the experience, both past and contemplated, under the

1 contract. The commission shall have the right to particularize
2 subgroups for experience purposes and rates. No increase in rates
3 shall be retroactive.

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

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

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

39 (I) The commission shall take action as necessary, in
40 cooperation with the School Employees' Health Benefits
41 Commission established pursuant to section 33 of P.L.2007, c.103
42 (C.52:14-17.46.3), to effectuate the purposes of the School
43 Employees' Health Benefits Program Act as provided in sections 31
44 through 41 of P.L.2007, c.103 (C.52:14-17.46.1 through C.52:14-
45 17.46.11) and to enable the School Employees' Health Benefits
46 Commission to begin providing coverage to participants pursuant to

1 the School Employees' Health Benefits Program Act as of July 1,
2 2008.
3 (cf: P.L.2007, c.103, s.23)
4

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

7 1. As used in this act:

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

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

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

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

38 (cf: P.L.1999, c.441, s.1)
39

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

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

48 In addition, the commission shall ensure that every such contract

1 shall provide coverage for serious non-biologically-based mental
2 illness under the same terms and conditions as provided for any
3 other disease or illness under the contract.

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

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

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

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

13 Notwithstanding the provisions of this section to the contrary:

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

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

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

42

43 21. (New section) The State Health Benefits Commission shall
44 ensure that every contract purchased by the commission on or after
45 the effective date of P.L. , c. (C.)(pending before the
46 Legislature as this bill) provides hospital or medical expense
47 benefits for the treatment of alcoholism and other substance-use
48 disorders under the same terms and conditions as provided for any

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

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

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

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

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

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

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

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

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

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

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

46 Notwithstanding the provisions of this section to the contrary:

47 (1) The financial requirements applicable to treatment for
48 alcoholism and other substance-use disorders as provided in this

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

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

14

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

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

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

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

45 Every contract shall include such benefits for the treatment of
46 alcoholism and other substance-use disorders as are hereinafter set
47 forth:

- 1 a. Inpatient or outpatient care in a licensed hospital health
2 care facility licensed pursuant to P.L.1971, c.136 (C.26:2H-1 et
3 seq.);
- 4 b. Treatment at a detoxification facility licensed pursuant to
5 P.L.1975, c.305 section 8 of P.L.1975, c.305 (C.26:2B-14);
- 6 c. Confinement as an inpatient or outpatient at a licensed,
7 certified, or state approved residential treatment facility, under a
8 program which meets minimum standards of care equivalent to
9 those prescribed by the Joint Commission on Hospital
10 Accreditation] Participation as an inpatient at a residential facility
11 licensed by the Division of Addiction Services in the Department of
12 Human Services or as an outpatient in a State-approved outpatient
13 treatment facility that meets minimum standards of care as set forth
14 by the Department of Human Services; and
- 15 d. Treatment provided by a physician or other appropriately
16 trained, licensed health care professional.
- 17 Treatment or confinement at any facility shall not preclude
18 further or additional treatment at any other eligible facility;
19 provided, however, that the benefit days used do not exceed the
20 total number of benefit days provided for any other sickness
21 disease or illness under the contract.
- 22 Nothing in this section shall be construed to prohibit the hospital
23 service corporation from determining if the treatment of alcoholism
24 and other substance-use disorders is medically necessary.
- 25 Nothing in this section shall be construed to change the manner
26 in which the hospital service corporation determines which health
27 care providers shall be entitled to reimbursement for providing
28 treatment services under the contract.
- 29 Notwithstanding any other provision of law to the contrary, the
30 coverage required pursuant to this section may be subject to
31 utilization review as performed by the hospital service corporation
32 or its designated utilization review organization.
- 33 Notwithstanding the provisions of this section to the contrary:
- 34 (1) The financial requirements applicable to coverage for
35 alcoholism and other substance-use disorders as provided in this
36 section shall be no more restrictive than the financial requirements
37 applied to substantially all medical and surgical benefits covered by
38 the contract, including deductibles, copayments, coinsurance, out-
39 of-pocket expenses, and annual and lifetime limits, except that the
40 contract may not establish separate cost-sharing requirements that
41 are applicable only with respect to coverage for alcoholism and
42 other substance-use disorders; and
- 43 (2) The treatment limitations applicable to coverage for
44 alcoholism and other substance-use disorders shall be no more
45 restrictive than the treatment limitations applied to substantially all
46 medical and surgical benefits covered by the contract, including
47 limits on the frequency of treatment, number of visits, days of

1 coverage, or other similar limits on the scope or duration of
2 treatment.

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

4

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

10

11

12

STATEMENT

13

14 This bill provides for expanded health insurance coverage for the
15 treatment of mental illness and substance-use disorders.

16 **Mental Health Coverage:** The bill expands the mental health
17 coverage provisions of P.L.1999, c.106 and P.L.1999, c.441 to
18 require health insurers to provide coverage for serious non-
19 biologically-based mental illness. This requirement would apply to:
20 hospital, medical and health service corporations; individual and
21 small employer and large group commercial health insurers; health
22 maintenance organizations; and the State Health Benefits Program.

23 The current statutory mental health "parity" coverage
24 requirement is limited to biologically-based mental illness (a mental
25 or nervous condition that is caused by a biological disorder of the
26 brain and results in a clinically significant or psychological
27 syndrome or pattern that substantially limits the functioning of the
28 person with 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).

33 The bill provides as follows:

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

- 1 • The bill clarifies the definition of "same terms and conditions,"
2 and makes it consistent with the definition of that term as
3 provided in the sections of the substitute concerning benefits for
4 treatment of alcoholism and other substance-use disorders. The
5 revised definition provides that an insurer cannot apply different
6 copayments, deductibles or benefit limits, "including day or visit
7 limits or annual or lifetime dollar limits," to mental health
8 benefits than the insurer applies to other medical or surgical
9 benefits.
- 10 • The provisions of P.L.1999, c.106 and P.L.1999, c.441, which
11 provide that the mental health parity requirements in those laws
12 are not to be construed to change the manner in which the carrier
13 determines whether a mental health care service meets the
14 medical necessity standard as established by the carrier, or which
15 providers are entitled to reimbursement for providing services
16 under the policy or contract, would also apply to the expanded
17 mental health coverage in this substitute.
- 18 • Notwithstanding any other provision of law to the contrary, the
19 coverage required for mental illness may be subject to utilization
20 review as performed by the insurer.
- 21 • Notwithstanding the provisions of the bill to the contrary:
- 22 -- The financial requirements applicable to coverage for mental
23 illness are to be no more restrictive than the financial requirements
24 applied to substantially all medical and surgical benefits covered by
25 the policy or contract, including deductibles, copayments,
26 coinsurance, out-of-pocket expenses, and annual and lifetime limits,
27 and the policy or contract may not establish separate cost-sharing
28 requirements that are applicable only with respect to coverage for
29 mental illness; and
- 30 -- The treatment limitations applicable to mental illness are to be
31 no more restrictive than the treatment limitations applied to
32 substantially all medical and surgical benefits covered by the policy
33 or contract, including limits on the frequency of treatment, number
34 of visits, days of coverage, or other similar limits on the scope or
35 duration of treatment.
- 36 **Coverage for Treatment of Alcoholism and Other Substance-**
37 **Use Disorders:** The bill also requires health insurers, as well as the
38 State Health Benefits Program, to provide coverage for treatment of
39 alcoholism and other substance-use disorders under the same terms
40 and conditions as for other diseases or illnesses.
- 41 Specifically, the bill revises the existing statutory requirement to
42 provide coverage for treatment of alcoholism that applies to
43 hospital, medical and health service corporations, commercial
44 health insurers, and the State Health Benefits Program (but
45 currently not to individual and small employer health benefits plans
46 and health maintenance organizations), to add coverage for
47 treatment of other substance-use disorders and to specify the types

1 of benefits that must be covered. The bill extends the requirement
2 to provide coverage for treatment of alcoholism to those health
3 insurers that are not already mandated by State law to provide such
4 coverage, and includes the requirement to provide coverage for
5 treatment of other substance-use disorders.

6 The bill provides as follows:

- 7 • "Treatment of alcoholism and other substance-use disorders" is
8 defined to include, but not be limited to, any of the following
9 items or services provided for treatment of alcoholism and other
10 substance-use disorders: inpatient or outpatient treatment,
11 including detoxification, screening and assessment, case
12 management, medication management, psychiatric consultations
13 and individual, group, and family counseling, and relapse
14 prevention; non-hospital residential treatment; and prevention
15 services, including health education and individual and group
16 counseling to encourage the reduction of risk factors for
17 alcoholism or other substance-use disorders.
- 18 • "Same terms and conditions" is defined to mean that the insurer
19 cannot apply different copayments, deductibles or benefit limits,
20 including day or visit limits or annual or lifetime dollar limits,
21 to alcoholism and other substance-use disorder treatment
22 services than those applied to other medical or surgical expense
23 benefits.
- 24 • All health insurance contracts or policies are to provide the
25 following benefits:
 - 26 -- inpatient or outpatient care in a licensed health care facility;
 - 27 -- treatment at a State-licensed detoxification facility;
 - 28 -- participation as an inpatient at a State-licensed residential
29 facility or as an outpatient in a State-approved outpatient
30 treatment facility that meets minimum standards of care as set
31 forth by the Department of Human Services; and
 - 32 -- treatment provided by a physician or other appropriately
33 trained, licensed health care professional.
- 34 • Treatment at any facility is not to preclude further or additional
35 treatment at any other eligible facility if the benefit days used do
36 not exceed the total number of benefit days provided for any
37 other disease or illness under the contract or policy.
- 38 • The provisions of the bill are not to be construed to:
 - 39 -- prohibit an insurer from determining if the treatment of
40 alcoholism and other substance-use disorders is medically
41 necessary; or
 - 42 -- change the manner in which the insurer determines which
43 health care providers are entitled to reimbursement for
44 providing substance-use disorder treatment services under the
45 policy or contract.

- 1 • Notwithstanding any other provision of law to the contrary, the
2 coverage required for substance-use disorders may be subject to
3 utilization review as performed by the insurer.
- 4 • Notwithstanding the provisions of the bill to the contrary:
5 -- The financial requirements applicable to coverage for
6 alcoholism and other substance-use disorders are to be no more
7 restrictive than the financial requirements applied to substantially
8 all medical and surgical benefits covered by the policy or contract,
9 including deductibles, copayments, coinsurance, out-of-pocket
10 expenses, and annual and lifetime limits, and the policy or contract
11 may not establish separate cost-sharing requirements that are
12 applicable only with respect to coverage for alcoholism and other
13 substance-use disorders; and
14 -- The treatment limitations applicable to coverage for
15 alcoholism and other substance-use disorders are to be no more
16 restrictive than the treatment limitations applied to substantially all
17 medical and surgical benefits covered by the policy or contract,
18 including limits on the frequency of treatment, number of visits,
19 days of coverage, or other similar limits on the scope or duration of
20 treatment.
- 21 **Effective Date:** The bill takes effect on the 90th day after the
22 date of enactment and applies to health insurance contracts and
23 policies issued or renewed on or after that date, but would remain
24 inoperative until the enactment into law of Assembly Bill No. 2255
25 of 2008 (Greenwald/Conaway), which is currently pending before
26 the General Assembly.