

SENATE, No. 796

STATE OF NEW JERSEY 214th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2010 SESSION

Sponsored by:

Senator JOSEPH F. VITALE

District 19 (Middlesex)

Senator BARBARA BUONO

District 18 (Middlesex)

Co-Sponsored by:

Senators Singer, Weinberg, Lesniak, Sacco, Gordon and Greenstein

SYNOPSIS

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

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel



(Sponsorship Updated As Of: 1/7/2011)

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
9 read as follows:

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

19 In addition, if the hospital service corporation contract provides
20 coverage for a disorder that is included in the latest edition of the
21 Diagnostic and Statistical Manual of Mental Disorders and is not a
22 biologically-based mental illness, the contract shall provide
23 coverage for that disorder under the same terms and conditions as
24 provided for any other sickness under the contract; however,
25 coverage for treatment of alcoholism and other substance-use
26 disorders shall be subject to the provisions of section 1 of P.L.1977,
27 c.115 (C.17:48-6a).

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

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

44 (1) whether a mental health care service meets the medical

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 necessity standard as established by the hospital service
2 corporation; or

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

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

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

9

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

16 In addition, if the individual health insurance policy provides
17 coverage for a disorder that is included in the latest edition of the
18 Diagnostic and Statistical Manual of Mental Disorders and is not a
19 biologically-based mental illness, the policy shall provide coverage
20 for that disorder under the same terms and conditions as provided
21 for any other sickness under the policy; however, coverage for
22 treatment of alcoholism and other substance-use disorders shall be
23 subject to the provisions of section 1 of P.L.1977, c.118 (C.17B:26-
24 2.1).

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

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

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

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

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

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

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

1 to read as follows:

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

10 In addition, if the group health insurance policy provides
11 coverage for a disorder that is included in the latest edition of the
12 Diagnostic and Statistical Manual of Mental Disorders and is not a
13 biologically-based mental illness, the policy shall provide coverage
14 for that disorder under the same terms and conditions as provided
15 for any other sickness under the policy; however, coverage for
16 treatment of alcoholism and other substance-use disorders shall be
17 subject to the provisions of section 1 of P.L.1977, c.116 (C.17B:27-
18 46.1).

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

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

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

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

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

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

41

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

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

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

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

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

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

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

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

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

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

36

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

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

47 In addition, if the health benefits plan provides benefits for a
48 disorder that is included in the latest edition of the Diagnostic and

1 Statistical Manual of Mental Disorders and is not a biologically-
2 based mental illness, the plan shall provide benefits for that disorder
3 under the same terms and conditions as provided for any other
4 sickness under the plan; however, coverage for treatment of
5 alcoholism and other substance-use disorders shall be subject to the
6 provisions of section 15 of P.L. , c. (C.)(pending before the
7 Legislature as this bill).

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

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

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

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

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

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

31

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

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

42 In addition, if the contract provides health care services for a
43 disorder that is included in the latest edition of the Diagnostic and
44 Statistical Manual of Mental Disorders and is not a biologically-
45 based mental illness, the contract shall provide health care services
46 for that disorder under the same terms and conditions as provided
47 for any other sickness under the contract; however, coverage for

1 treatment of alcoholism and other substance-use disorders shall be
2 subject to the provisions of section 16 of P.L. , c. (C.)
3 (pending before the Legislature as this bill).

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

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

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

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

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

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

30
31 9. Section 9 of P.L.1999, c.106 (C.34:11A-15) is amended to
32 read as follows:

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

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

41
42 10. Section 1 of P.L.1977, c.117 (C.17:48A-7a) is amended to
43 read as follows:

44 1. No group or individual contract providing hospital or
45 medical expense benefits shall be delivered, issued, executed or
46 renewed in this State, or approved for issuance or renewal in this
47 State by the Commissioner of Banking and Insurance, on or after

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

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

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

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

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

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

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

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

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

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

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

21 Nothing in this section shall be construed to change the manner
22 in which the medical service corporation determines which health
23 care providers shall be entitled to reimbursement for providing
24 treatment services under the contract.

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

26

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

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

1 for any other **【sickness】** 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 the health service
14 corporation cannot apply different copayments, deductibles or
15 benefit limits, including day or visit limits or annual or lifetime
16 dollar limits, to alcoholism and other substance-use disorder
17 treatment services than those applied to other medical or surgical
18 expense benefits.

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

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

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

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

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

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

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

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

8

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

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

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

27 Nothing in this section shall be construed to prohibit the insurer
28 from determining if the treatment of alcoholism and other
29 substance-use disorders is medically necessary; however, the
30 insurer shall, for this purpose, use the most recent patient placement
31 criteria adopted by the American Society of Addiction Medicine, or
32 such other generally accepted clinical criteria as may be
33 subsequently determined by the Commissioner of Banking and
34 Insurance, by regulation, to be more appropriate.

35 Nothing in this section shall be construed to change the manner
36 in which the insurer determines which health care providers shall be
37 entitled to reimbursement for providing treatment services under the
38 policy.

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

40

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

43 1. No group health insurance **【contract】** policy providing
44 hospital or medical expense benefits shall be delivered, issued,
45 executed or renewed in this State, or approved for issuance or
46 renewal in this State by the Commissioner of Banking and
47 Insurance, on or after the effective date of this act, unless such

1 **【contract】** policy provides benefits to any **【subscriber】** insured or
2 other person covered thereunder for expenses incurred in
3 connection with the treatment of alcoholism and other substance-
4 use disorders when such treatment is **【prescribed** by a doctor of
5 **medicine】** ordered by a physician, licensed clinical alcohol and
6 drug counselor or other appropriately trained, licensed health care
7 professional based upon a diagnosis of alcoholism or other
8 substance-use disorder as provided in the latest edition of the
9 Diagnostic and Statistical Manual of Mental Disorders and an
10 assessment of the appropriate level of treatment placement that
11 utilizes the most recent patient placement criteria adopted by the
12 American Society of Addiction Medicine, or such other generally
13 accepted clinical criteria as may be subsequently determined by the
14 Commissioner of Banking and Insurance, by regulation, to be more
15 appropriate. Such benefits shall be provided **【to the same extent】**
16 under the same terms and conditions as provided for any other
17 **【sickness】** disease or illness under the **【contract】** policy.

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 insurer 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 **【contract】** policy shall include such benefits for the
35 treatment of alcoholism and other substance-use disorders as are
36 hereinafter set forth:

37 a. Inpatient or outpatient care in a **【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, licensed clinical alcohol
5 and drug counselor, or other appropriately trained, licensed health
6 care professional.

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

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

20 Nothing in this section shall be construed to change the manner
21 in which the insurer determines which health care providers shall be
22 entitled to reimbursement for providing treatment services under the
23 policy.

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

25

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

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

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

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

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

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

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

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

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

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

33 Nothing in this section shall be construed to remove the carrier's
34 right to review the medical necessity of services rendered to treat
35 alcoholism and other substance-use disorders. As used in this
36 section, "medical necessity" shall have the same meaning as
37 provided in the most recent patient placement criteria adopted by
38 the American Society of Addiction Medicine, or such other
39 generally accepted clinical criteria as may be subsequently
40 determined by the Commissioner of Banking and Insurance, by
41 regulation, to be more appropriate.

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

46

47 15. (New section) Every small employer health benefits plan
48 that provides hospital or medical expense benefits and is delivered,

1 issued, executed or renewed in this State pursuant to P.L.1992,
2 c.162 (C.17B:27A-17 et seq.), on or after the effective date of this
3 act, shall provide coverage for expenses incurred in connection with
4 treatment of alcoholism and other substance-use disorders when
5 such treatment is ordered by a physician, licensed clinical alcohol
6 and drug counselor or other appropriately trained, licensed health
7 care professional based upon a diagnosis of alcoholism or other
8 substance-use disorder as provided in the latest edition of the
9 Diagnostic and Statistical Manual of Mental Disorders and an
10 assessment of the appropriate level of treatment placement that
11 utilizes the most recent patient placement criteria adopted by the
12 American Society of Addiction Medicine, or such other generally
13 accepted clinical criteria as may be subsequently determined by the
14 Commissioner of Banking and Insurance, by regulation, to be more
15 appropriate. Such benefits shall be provided under the same terms
16 and 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, licensed clinical alcohol
47 and drug counselor, or other appropriately trained, licensed health
48 care professional.

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

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

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

18

19 16. (New section) Every contract for health care services, which
20 is delivered, issued, executed or renewed in this State by the
21 Division of Addiction Services in the Department of Human
22 Services or approved for issuance or renewal in this State by the
23 Commissioner of Banking and Insurance, on or after the effective
24 date of this act, shall provide health care services for treatment of
25 alcoholism and other substance-use disorders when such treatment
26 is ordered by a physician, licensed clinical alcohol and drug
27 counselor or other appropriately trained, licensed health care
28 professional based upon a diagnosis of alcoholism or other
29 substance-use disorder as provided in the latest edition of the
30 Diagnostic and Statistical Manual of Mental Disorders and an
31 assessment of the appropriate level of treatment placement that
32 utilizes the most recent patient placement criteria adopted by the
33 American Society of Addiction Medicine, or such other generally
34 accepted clinical criteria as may be subsequently determined by the
35 Commissioner of Banking and Insurance, by regulation, to be more
36 appropriate. Such health care services shall be provided under the
37 same terms and conditions as provided for any other disease or
38 illness under the contract.

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

1 disorders.

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

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

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

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

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

19 d. Treatment provided by a physician, licensed clinical alcohol
20 and drug counselor, or other appropriately trained, licensed health
21 care professional.

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

26 Nothing in this section shall be construed to prohibit the carrier
27 from determining if the treatment of alcoholism and other
28 substance-use disorders is medically necessary; however, the carrier
29 shall, for this purpose, use the most recent patient placement criteria
30 adopted by the American Society of Addiction Medicine, or such
31 other generally accepted clinical criteria as may be subsequently
32 determined by the Commissioner of Banking and Insurance, by
33 regulation, to be more appropriate.

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

38

39 17. (New section) An employer in this State who provides
40 health benefits coverage to his employees or their dependents for
41 treatment of alcoholism or other substance-use disorders shall
42 annually, and upon request of an employee at other times during the
43 year, notify his employees whether the employees' coverage for
44 treatment of alcoholism or other substance-use disorders is subject
45 to the requirements of section 1 of P.L.1977, c.115 (C.17:48-6a),
46 section 1 of P.L.1977, c.116 (C.17B:27-46.1); section 1 of
47 P.L.1977, c.117 (C.17:48A-7a), section 1 of P.L.1977, c.118
48 (C.17B:26-2.1), section 34 of P.L.1985, c.236 (C.17:48E-34), or

1 sections 14 through 16 of P.L. , c. (C.) (pending before the
2 Legislature as this bill).

3

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

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

9 (1) Basic benefits which shall include:

10 (a) Hospital benefits, including outpatient;

11 (b) Surgical benefits;

12 (c) Inpatient medical benefits;

13 (d) Obstetrical benefits; and

14 (e) Services rendered by an extended care facility or by a home
15 health agency and for specified medical care visits by a physician
16 during an eligible period of such services, without regard to
17 whether the patient has been hospitalized, to the extent and subject
18 to the conditions and limitations agreed to by the commission and
19 the carrier or carriers.

20 Basic benefits shall be substantially equivalent to those available
21 on a group remittance basis to employees of the State and their
22 dependents under the subscription contracts of the New Jersey
23 "Blue Cross" and "Blue Shield" Plans. Such basic benefits shall
24 include benefits for:

25 (i) Additional days of inpatient medical service;

26 (ii) Surgery elsewhere than in a hospital;

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

28 (iv) Physical therapy services;

29 (v) Radium or radon therapy services;

30 and the extended basic benefits shall be subject to the same
31 conditions and limitations, applicable to such benefits, as are set
32 forth in "Extended Outpatient Hospital Benefits Rider," Form 1500,
33 71(9-66), and in "Extended Benefit Rider" (as amended), Form MS
34 7050J(9-66) issued by the New Jersey "Blue Cross" and "Blue
35 Shield" Plans, respectively, and as the same may be amended or
36 superseded, subject to filing by the Commissioner of Banking and
37 Insurance; and

38 (2) Major medical expense benefits which shall provide benefit
39 payments for reasonable and necessary eligible medical expenses
40 for hospitalization, surgery, medical treatment and other related
41 services and supplies to the extent they are not covered by basic
42 benefits. The commission may, by regulation, determine what types
43 of services and supplies shall be included as "eligible medical
44 services" under the major medical expense benefits coverage as
45 well as those which shall be excluded from or limited under such
46 coverage. Benefit payments for major medical expense benefits
47 shall be equal to a percentage of the reasonable charges for eligible
48 medical services incurred by a covered employee or an employee's

1 covered dependent, during a calendar year as exceed a deductible
2 for such calendar year of \$100.00 subject to the maximums
3 hereinafter provided and to the other terms and conditions
4 authorized by this act. The percentage shall be 80% of the first
5 \$2,000.00 of charges for eligible medical services incurred
6 subsequent to satisfaction of the deductible and 100% thereafter.
7 There shall be a separate deductible for each calendar year for (a)
8 each enrolled employee and (b) all enrolled dependents of such
9 employee. Not more than \$1,000,000.00 shall be paid for major
10 medical expense benefits with respect to any one person for the
11 entire period of such person's coverage under the plan, whether
12 continuous or interrupted except that this maximum may be
13 reapplied to a covered person in amounts not to exceed \$2,000.00 a
14 year. Maximums of \$10,000.00 per calendar year and \$20,000.00
15 for the entire period of the person's coverage under the plan shall
16 apply to eligible expenses incurred because of **[mental illness or**
17 **functional nervous disorders]** any mental illness or functional
18 nervous disorder that is not included in the latest edition of the
19 Diagnostic and Statistical Manual of Mental Disorders, and such
20 may be reapplied to a covered person, **[except as provided]** in
21 accordance with the provisions of P.L.1999, c.441 (C.52:14-17.29d
22 et al.). The same provisions shall apply for retired employees and
23 their dependents. Under the conditions agreed upon by the
24 commission and the carriers as set forth in the contract, the
25 deductible for a calendar year may be satisfied in whole or in part
26 by eligible charges incurred during the last three months of the prior
27 calendar year.

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

34 (B) Benefits under the contract or contracts purchased as
35 authorized by this act may be subject to such limitations,
36 exclusions, or waiting periods as the commission finds to be
37 necessary or desirable to avoid inequity, unnecessary utilization,
38 duplication of services or benefits otherwise available, including
39 coverage afforded under the laws of the United States, such as the
40 federal Medicare program, or for other reasons.

41 Benefits under the contract or contracts purchased as authorized
42 by this act shall include those for the treatment of alcoholism or
43 other substance-use disorders where such treatment is **[prescribed]**
44 ordered by a physician **[and shall also include treatment while**
45 **confined in or as an outpatient of a licensed hospital or residential**
46 **treatment program which meets minimum standards of care**
47 **equivalent to those prescribed by the Joint Commission on Hospital**

1 Accreditation. No benefits shall be provided beyond those
2 stipulated in the contracts held by the State Health Benefits
3 Commission.], licensed clinical alcohol and drug counselor or
4 other appropriately trained, licensed health care professional based
5 upon a diagnosis of alcoholism or other substance-use disorder as
6 provided in the latest edition of the Diagnostic and Statistical
7 Manual of Mental Disorders and an assessment of the appropriate
8 level of treatment placement that utilizes the most recent patient
9 placement criteria adopted by the American Society of Addiction
10 Medicine, or such other generally accepted clinical criteria as may
11 be subsequently determined by the Commissioner of Banking and
12 Insurance, by regulation, to be more appropriate. The benefits shall
13 be provided in accordance with the provisions of section 21 of
14 P.L. , c. (C.) (pending before the Legislature as this bill).

15 (C) The rates charged for any contract purchased under the
16 authority of this act shall reasonably and equitably reflect the cost
17 of the benefits provided based on principles which in the judgment
18 of the commission are actuarially sound. The rates charged shall be
19 determined by the carrier on accepted group rating principles with
20 due regard to the experience, both past and contemplated, under the
21 contract. The commission shall have the right to particularize
22 subgroups for experience purposes and rates. No increase in rates
23 shall be retroactive.

24 (D) The initial term of any contract purchased by the commission
25 under the authority of this act shall be for such period to which the
26 commission and the carrier may agree, but permission may be made
27 for automatic renewal in the absence of notice of termination by the
28 commission. Subsequent terms for which any contract may be
29 renewed as herein provided shall each be limited to a period not to
30 exceed one year.

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

1 (F) The commission may purchase a contract or contracts to
2 provide drug prescription and other health care benefits or authorize
3 the purchase of a contract or contracts to provide drug prescription
4 and other health care benefits as may be required to implement a
5 duly executed collective negotiations agreement or as may be
6 required to implement a determination by a public employer to
7 provide such benefit or benefits to employees not included in
8 collective negotiations units.

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

10

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

13 1. As used in this act:

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

23 "Carrier" means an insurance company, health service
24 corporation, hospital service corporation, medical service
25 corporation or health maintenance organization authorized to issue
26 health benefits plans in this State.

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

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

33

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

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

42 In addition, the State Health Benefits Commission shall ensure
43 that every such contract, which provides coverage for a disorder
44 that is included in the latest edition of the Diagnostic and Statistical
45 Manual of Mental Disorders and is not a biologically-based mental
46 illness, shall provide coverage for that disorder under the same
47 terms and conditions as provided for any other disease or illness
48 under the contract.

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

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

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

7 c. The commission shall provide notice to employees regarding
8 the coverage required by this section in accordance with this
9 subsection and regulations promulgated by the Commissioner of
10 Health and Senior Services pursuant to the "Administrative
11 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.). The notice
12 shall be in writing and prominently positioned in any literature or
13 correspondence and shall be transmitted at the earliest of: (1) the
14 next mailing to the employee; (2) the yearly informational packet
15 sent to the employee; or (3) July 1, 2000. The commission shall
16 also ensure that the carrier under contract with the commission,
17 upon receipt of information that a covered person is receiving
18 treatment for a biologically-based or other mental illness, shall
19 promptly notify that person of the coverage required by this section.
20 (cf: P.L.1999, c.441, s.2)

21

22 21. (New section) The State Health Benefits Commission shall
23 ensure that every contract purchased by the commission on or after
24 the effective date of P.L. , c. (C.)(pending before the
25 Legislature as this bill) provides hospital or medical expense
26 benefits for the treatment of alcoholism and other substance-use
27 disorders under the same terms and conditions as provided for any
28 other disease or illness under the contract.

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

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

48 a. Inpatient or outpatient care in a health care facility licensed

1 pursuant to P.L.1971, c.136 (C.26:2H-1 et seq.);
2 b. Treatment at a detoxification facility licensed pursuant to
3 section 8 of P.L.1975, c.305 (C.26:2B-14);
4 c. Participation as an inpatient at a residential facility licensed
5 by the Division of Addiction Services in the Department of Human
6 Services or as an outpatient in a State-approved outpatient treatment
7 facility that meets minimum standards of care as set forth by the
8 Department of Human Services; and
9 d. Treatment provided by a physician, licensed clinical alcohol
10 and drug counselor or other appropriately trained, licensed health
11 care professional.
12 Treatment at any facility shall not preclude further or additional
13 treatment at any other eligible facility; provided, however, that the
14 benefit days used do not exceed the total number of benefit days
15 provided for any other disease or illness under the contract.
16 Nothing in this section shall be construed to prohibit the State
17 Health Benefits Commission from determining if the treatment of
18 alcoholism and other substance-use disorders is medically
19 necessary; however, the commission shall, for this purpose, use the
20 most recent patient placement criteria adopted by the American
21 Society of Addiction Medicine, or such other generally accepted
22 clinical criteria as may be subsequently determined by the
23 Commissioner of Banking and Insurance, by regulation, to be more
24 appropriate.
25 Nothing in this section shall be construed to change the manner
26 in which the State Health Benefits Commission determines which
27 health care providers shall be entitled to reimbursement for
28 providing treatment services under the contract.
29
30 22. Section 1 of P.L.1977, c.115 (C.17:48-6a) is amended to
31 read as follows:
32 1. No group or individual contract providing hospital or
33 medical expense benefits shall be delivered, issued, executed or
34 renewed in this State, or approved for issuance or renewal in this
35 State by the Commissioner of Banking and Insurance on or after the
36 effective date of this act, unless such contract provides benefits to
37 any subscriber or other person covered thereunder for expenses
38 incurred in connection with the treatment of alcoholism and other
39 substance-use disorders when such treatment is [prescribed by a
40 doctor of medicine] ordered by a physician, licensed clinical
41 alcohol and drug counselor or other appropriately trained, licensed
42 health care professional based upon a diagnosis of alcoholism or
43 other substance-use disorder as provided in the latest edition of the
44 Diagnostic and Statistical Manual of Mental Disorders and an
45 assessment of the appropriate level of treatment placement that
46 utilizes the most recent patient placement criteria adopted by the
47 American Society of Addiction Medicine, or such other generally

1 accepted clinical criteria as may be subsequently determined by the
2 Commissioner of Banking and Insurance, by regulation, to be more
3 appropriate. Such benefits shall be provided [to the same extent]
4 under the same terms and conditions as provided for any other
5 [sickness] disease or illness under the contract.

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

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

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

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

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

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

40 d. Treatment provided by a physician, licensed clinical alcohol
41 and drug counselor, or other appropriately trained, licensed health
42 care professional.

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

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

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

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

14
15 23. This act shall take effect on the 90th day after enactment and
16 shall apply to policies or contracts issued or renewed on or after the
17 effective date.

20 STATEMENT

21
22 This bill provides for expanded health insurance coverage for
23 treatment of mental and nervous disorders and alcoholism and other
24 substance-use disorders.

25 **Mental Health Coverage:** The bill expands the mental health
26 coverage provisions of P.L.1999, c.106 and P.L.1999, c.441 to
27 require that if a health insurer provides coverage for a disorder that
28 is included in the latest edition of the Diagnostic and Statistical
29 Manual of Mental Disorders (currently, the DSM-IV) and is not a
30 biologically-based mental illness, the insurer shall provide coverage
31 for that disorder under the same terms and conditions as provided
32 for any other sickness under the policy. Health insurers include
33 hospital, medical and health service corporations, individual and
34 small employer and large group commercial health insurers and
35 health maintenance organizations. These provisions would also
36 apply to the State Health Benefits Program.

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

47 The DSM-IV is published by the American Psychiatric
48 Association and is the principal diagnostic reference used by mental

1 health professionals in the United States. The DSM-IV includes a
2 broader range of mental and nervous disorders than biologically-
3 based mental illnesses.

4 The bill clarifies the definition of "same terms and conditions,"
5 and makes it consistent with the definition of that term as provided
6 in the sections of the bill concerning benefits for treatment of
7 alcoholism and substance-use disorders. The revised definition
8 provides that an insurer cannot apply different copayments,
9 deductibles or benefit limits, "including day or visit limits or annual
10 or lifetime dollar limits," to mental health benefits than the insurer
11 applies to other medical or surgical benefits.

12 The provisions of P.L.1999, c.106 and P.L.1999, c.441, which
13 provide that the mental health parity requirements in those laws
14 shall not be construed to change the manner in which the carrier
15 determines whether a mental health care services meets the medical
16 necessity standard as established by the carrier, or which providers
17 shall be entitled to reimbursement for providing services under the
18 policy or contract, shall also apply to the expanded mental health
19 coverage in this bill.

20 **Coverage for Treatment of Alcoholism and Other Substance-**
21 **use Disorders:** The bill also requires health insurers, as well as the
22 State Health Benefits Program, to provide coverage for treatment of
23 alcoholism and other substance-use disorders under the same terms
24 and conditions as for other diseases or illnesses.

25 Specifically, the bill revises the existing statutory requirement to
26 provide coverage for treatment of alcoholism that applies to
27 hospital, medical and health service corporations, commercial
28 health insurers and the State Health Benefits Program (but currently
29 not to individual and small employer health benefits plans and
30 health maintenance organizations), to add coverage for treatment of
31 other substance-use disorders and to specify the types of benefits
32 that must be covered. The bill extends the requirement to provide
33 coverage for treatment of alcoholism to those health insurers which
34 are not already mandated by State law to provide such coverage,
35 and includes the requirement to provide coverage for treatment of
36 other substance-use disorders.

37 The bill provides that:

- 38 • Benefits shall be provided when the treatment is ordered by a
39 physician, licensed clinical alcohol and drug counselor, or other
40 appropriately trained, licensed health care professional based
41 upon a diagnosis of alcoholism or other substance-use disorder
42 as provided in the latest edition of the DSM (currently, the
43 DSM-IV) and an assessment of the appropriate level of
44 treatment placement that utilizes the most recent patient
45 placement criteria adopted by the American Society of
46 Addiction Medicine, or such other generally accepted clinical
47 criteria as may be subsequently determined by the

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

S796 VITALE, BUONO

31

- 1 The bill takes effect on the 90th day after the date of enactment
- 2 and will apply to health insurance contracts and policies issued or
- 3 renewed on or after that date.