

ASSEMBLY, No. 1665

STATE OF NEW JERSEY 215th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2012 SESSION

Sponsored by:

Assemblyman GORDON M. JOHNSON

District 37 (Bergen)

Assemblywoman VALERIE VAINIERI HUTTLE

District 37 (Bergen)

Assemblyman PATRICK J. DIEGNAN, JR.

District 18 (Middlesex)

Assemblyman REED GUSCIORA

District 15 (Hunterdon and Mercer)

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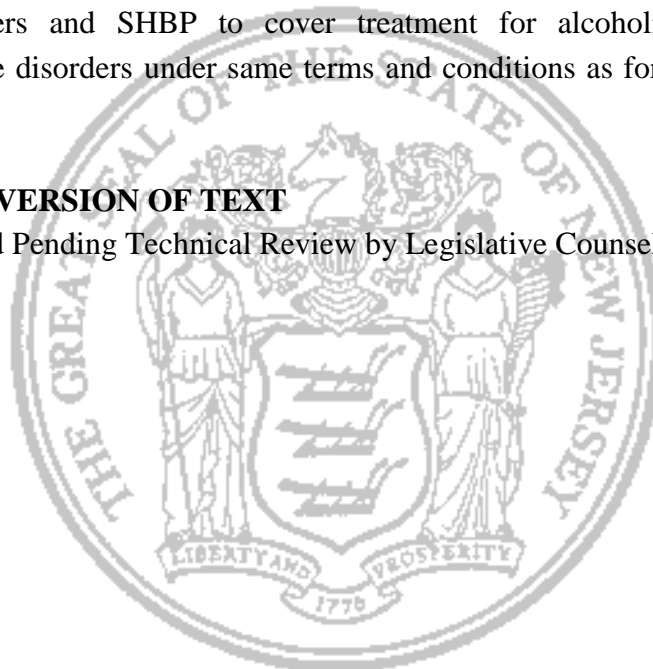
Assemblywoman Wagner, Assemblyman Coutinho and Assemblywoman Sumter

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: 4/26/2013)

A1665 JOHNSON, VAINIERI HUTTLE

2

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

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

25 (2) As used in this section:

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

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

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

Matter underlined thus is new matter.

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

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

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

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

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

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

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

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

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

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

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

40

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

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

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

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

10 (2) As used in this section:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

39 (2) As used in this section:

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

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

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

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

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

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

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

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

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

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

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

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

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

4

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

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

15 In addition, the individual health insurance policy shall provide
16 coverage for serious non-biologically-based mental illness under the
17 same terms and conditions as provided for any other sickness under
18 the policy; however, coverage for treatment of alcoholism and other
19 substance-use disorders shall be subject to the provisions of section
20 1 of P.L.1977, c.118 (C.17B:26-2.1).

21 (2) As used in this section:

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

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

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

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

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

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

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

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

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

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

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

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

30

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

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

41 In addition, the group health insurance policy shall provide
42 coverage for serious non-biologically-based mental illness under the
43 same terms and conditions as provided for any other sickness under
44 the policy; however, coverage for treatment of alcoholism and other
45 substance-use disorders shall be subject to the provisions of section
46 1 of P.L.1977, c.116 (C.17B:27-46.1).

47 (2) As used in this section:

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

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

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

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

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

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

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

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

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

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

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

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

8

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

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

19 In addition, the health benefits plan shall provide benefits for
20 serious non-biologically-based mental illness under the same terms
21 and conditions as provided for any other sickness under the plan;
22 however, coverage for treatment of alcoholism and other substance-
23 use disorders shall be subject to the provisions of section 14 of
24 P.L. , c. (C.)(pending before the Legislature as this 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 carrier cannot apply
48 different copayments, deductibles or benefit limits, including day or

1 visit limits or annual or lifetime dollar limits, to biologically-based
2 or other mental health benefits, as applicable, than those applied to
3 other medical or surgical benefits.

4 b. Nothing in this section shall be construed to change the
5 manner in which the 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 plan.

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

14 d. The provisions of this section shall apply to all health benefits
15 plans in which the carrier has reserved the right to change the
16 premium.

17 e. Notwithstanding the provisions of subsection a. of this section
18 to the contrary:

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

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

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

34
35 7. Section 7 of P.L.1999, c.106 (C.17B:27A-19.7) is amended to
36 read as follows:

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

45 In addition, the health benefits plan shall provide benefits for
46 serious non-biologically-based mental illness under the same terms
47 and conditions as provided for any other sickness under the plan;
48 however, coverage for treatment of alcoholism and other substance-

1 use disorders shall be subject to the provisions of section 15 of
2 P.L. , c. (C.)(pending before the Legislature as this bill).

3 (2) As used in this section:

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.

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

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

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

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

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

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

40 d. The provisions of this section shall apply to all health benefits
41 plans in which the carrier has reserved the right to change the
42 premium.

43 e. Notwithstanding the provisions of subsection a. of this section
44 to the contrary:

45 (1) The financial requirements applicable to coverage for mental
46 illness as provided in this section shall be no more restrictive than
47 the financial requirements applied to substantially all medical and
48 surgical benefits covered by the plan, including deductibles,

1 copayments, coinsurance, out-of-pocket expenses, and annual and
2 lifetime limits, and the plan may not establish separate cost-sharing
3 requirements that are applicable only with respect to coverage for
4 mental illness; and

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

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

12

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

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

23 In addition, the contract shall provide health care services for
24 serious non-biologically-based mental illness under the same terms
25 and conditions as provided for any other sickness under the
26 contract; however, coverage for treatment of alcoholism and other
27 substance-use disorders shall be subject to the provisions of section
28 16 of P.L. , c. (C.)(pending before the Legislature as this
29 bill).

30 (2) As used in this section:

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

40 "Serious non-biologically-based mental illness" means a mental
41 or nervous condition that is primarily treated with psychotherapy or
42 psychotropic medication but is not caused by a biological disorder
43 of the brain and results in a clinically significant or psychological
44 syndrome or pattern that substantially limits the function of the
45 person with the illness, including, but not limited to, dysthymic
46 disorder, post-traumatic stress disorder, borderline personality
47 disorder, bulimia, anorexia and other eating disorders, and other

1 illnesses found in the Diagnostic and Statistical Manual of Mental
2 Disorders as determined by regulation of the Commissioner of
3 Banking and Insurance, in consultation with the Commissioner of
4 Health and Senior Services.

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

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

13 (1) whether a mental health care service meets the medical
14 necessity standard as established by the health maintenance
15 organization; or

16 (2) which providers shall be entitled to reimbursement or to be
17 participating providers, as appropriate, for mental health services
18 under the **【enrollee agreement】** contract.

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

24 d. The provisions of this section shall apply to enrollee
25 **agreements】** contracts in which the health maintenance
26 organization has reserved the right to change the premium.

27 e. Notwithstanding the provisions of subsection a. of this section
28 to the contrary:

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

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

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

44
45 9. Section 9 of P.L.1999, c.106 (C.34:11A-15) is amended to
46 read as follows:

1 9. An employer in this State who provides health benefits
2 coverage to his employees or their dependents for treatment of
3 biologically-based or other mental illness shall **【annually】**, **【and】**
4 upon request of an employee **【at other times during the year】**,
5 notify his employees whether the employees' coverage for treatment
6 of **【biologically-based】** mental illness is subject to the requirements
7 of this act.

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

9
10 10. Section 1 of P.L.1977, c.117 (C.17:48A-7a) is amended to
11 read as follows:

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

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

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

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

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

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

1 c. **【**Confinement as an inpatient or outpatient at a licensed,
2 certified, or state approved residential treatment facility, under a
3 program which meets minimum standards of care equivalent to
4 those prescribed by the Joint Commission on Hospital
5 Accreditation**】** Participation as an inpatient at a residential facility
6 licensed by the Division of Addiction Services in the Department of
7 Human Services or as an outpatient in a State-approved outpatient
8 treatment facility that meets minimum standards of care as set forth
9 by the Department of Human Services; and

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

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

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

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

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

28 Notwithstanding the provisions of this section to the contrary:

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

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

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

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

3 34. No group or individual contract providing health service
4 coverage shall be delivered, issued, executed, or renewed in this
5 State, or approved for issuance or renewal in this State by the
6 commissioner, on or after the effective date of this act, unless the
7 contract provides benefits to any subscriber or other person covered
8 thereunder for expenses incurred in connection with treatment of
9 alcoholism **【**when the treatment is prescribed by a doctor of
10 medicine**】** and other substance-use disorders. Benefits shall be
11 provided **【**to the same extent**】** under the same terms and conditions
12 as provided for any other **【**sickness**】** disease or illness under the
13 contract.

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

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

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

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

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

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

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

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

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

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

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

17 Notwithstanding the provisions of this section to the contrary:

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

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

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

35
36 12. Section 1 of P.L.1977, c.118 (C.17B:26-2.1) is amended to
37 read as follows:

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

1 conditions as provided for any other [sickness] disease or illness
2 under the [contract] policy.

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

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

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

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

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

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

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

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

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

46 Nothing in this section shall be construed to change the manner
47 in which the insurer determines which health care providers shall be

1 entitled to reimbursement for providing treatment services under the
2 policy.

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

7 Notwithstanding the provisions of this section to the contrary:

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

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

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

25

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

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

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

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

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

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

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

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

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

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

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

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

44 Notwithstanding the provisions of this section to the contrary:

45 (1) The financial requirements applicable to coverage for
46 alcoholism and other substance-use disorders as provided in this
47 section shall be no more restrictive than the financial requirements

1 applied to substantially all medical and surgical benefits covered by
2 the policy, including deductibles, copayments, coinsurance, out-of-
3 pocket expenses, and annual and lifetime limits, and the policy may
4 not establish separate cost-sharing requirements that are applicable
5 only with respect to coverage for alcoholism and other substance-
6 use disorders; and

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

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

15

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

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

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

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

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

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

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

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

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

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

15 Nothing in this section shall be construed to change the manner
16 in which the carrier determines which health care providers shall be
17 entitled to reimbursement for providing treatment services under the
18 plan.

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

23 Notwithstanding the provisions of this section to the contrary:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

46 Notwithstanding the provisions of this section to the contrary:

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

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

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

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

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

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

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

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

47 c. Participation as an inpatient at a residential facility licensed
48 by the Division of Addiction Services in the Department of Human

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

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

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

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

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

22 Notwithstanding the provisions of this section to the contrary:

23 (1) The financial requirements applicable to treatment services
24 for 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 health care services provided under the
27 contract, including deductibles, copayments, coinsurance, out-of-
28 pocket expenses, and annual and lifetime limits, except that the
29 contract may not establish separate cost-sharing requirements that
30 are applicable only with respect to coverage for alcoholism and
31 other substance-use disorders; and

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

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, upon
42 request of an employee, notify his employees whether the
43 employees' coverage for treatment of alcoholism or other substance-
44 use disorders is subject to the requirements of section 1 of
45 P.L.1977, c.115 (C.17:48-6a), section 1 of P.L.1977, c.116
46 (C.17B:27-46.1); section 1 of P.L.1977, c.117 (C.17:48A-7a),
47 section 1 of P.L.1977, c.118 (C.17B:26-2.1), section 34 of

1 P.L.1985, c.236 (C.17:48E-34), or sections 14 through 16 of P.L. ,
2 c. (C.) (pending before the 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 subsection b. of section 4 of P.L.1961, c.49 (C.52:14-
8 17.28) shall provide separate coverages or policies as 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

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

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

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

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

1 (C) The contract or contracts purchased by the commission
2 pursuant to subsection c. of section 4 of P.L.1961, c.49 (C.52:14-
3 17.28) shall include the following provisions regarding
4 reimbursements and payments:

5 (1) In the successor plan, the co-payment for doctor's office
6 visits shall be \$10 per visit with a maximum out-of-pocket of \$400
7 per individual and \$1,000 per family for in-network services for
8 each calendar year. The out-of-network deductible shall be \$100 per
9 individual and \$250 per family for each calendar year, and the
10 participant shall receive reimbursement for out-of-network charges
11 at the rate of 80% of reasonable and customary charges, provided
12 that the out-of-pocket maximum shall not exceed \$2,000 per
13 individual and \$5,000 per family for each calendar year.

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

27 (3) "Reasonable and customary charges" means charges based
28 upon the 90th percentile of the usual, customary, and reasonable
29 (UCR) fee schedule determined by the Health Insurance
30 Association of America or a similar nationally recognized database
31 of prevailing health care charges.

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

39 Benefits under the contract or contracts purchased as authorized
40 by this act shall include those for the treatment of alcoholism
41 **【**where such treatment is prescribed by a physician and shall also
42 include treatment while confined in or as an outpatient of a licensed
43 hospital or residential treatment program which meets minimum
44 standards of care equivalent to those prescribed by the Joint
45 Commission on Hospital Accreditation. No benefits shall be
46 provided beyond those stipulated in the contracts held by the State
47 **Health Benefits Commission】** or other substance-use disorders.

1 The benefits shall be provided in accordance with the provisions of
2 section 21 of P.L. , c. (C.)(pending before the Legislature as
3 this bill).

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

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

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

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

1 (I) The commission shall take action as necessary, in
2 cooperation with the School Employees' Health Benefits
3 Commission established pursuant to section 33 of P.L.2007, c.103
4 (C.52:14-17.46.3), to effectuate the purposes of the School
5 Employees' Health Benefits Program Act as provided in sections 31
6 through 41 of P.L.2007, c.103 (C.52:14-17.46.1 through C.52:14-
7 17.46.11) and to enable the School Employees' Health Benefits
8 Commission to begin providing coverage to participants pursuant to
9 the School Employees' Health Benefits Program Act as of July 1,
10 2008.

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

12

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

15 1. As used in this act:

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

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

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

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

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

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

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

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

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

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

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

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

22 Notwithstanding the provisions of this section to the contrary:

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

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

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

1 promptly notify that person of the coverage required by this section.
2 (cf: P.L.1999, c.441, s.2)

3
4 21. (New section) The State Health Benefits Commission shall
5 ensure that every contract purchased by the commission on or after
6 the effective date of P.L. , c. (C.)(pending before the
7 Legislature as this bill) provides hospital or medical expense
8 benefits for the treatment of alcoholism and other substance-use
9 disorders under the same terms and conditions as provided for any
10 other disease or illness under the contract.

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

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

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

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

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

34 c. Participation as an inpatient at a residential facility licensed
35 by the Division of Addiction Services in the Department of Human
36 Services or as an outpatient in a State-approved outpatient treatment
37 facility that meets minimum standards of care as set forth by the
38 Department of Human Services; and

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

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

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

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

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

8 Notwithstanding the provisions of this section to the contrary:

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

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

24
25 22. Section 1 of P.L.1977, c.115 (C.17:48-6a) is amended to
26 read as follows:

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

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

1 disorders.

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

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

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

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

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

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

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

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

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

39 Notwithstanding any other provision of law to the contrary, the
40 coverage required pursuant to this section may be subject to
41 utilization review as performed by the hospital service corporation
42 or its designated utilization review organization.

43 Notwithstanding the provisions of this section to the contrary:

44 (1) The financial requirements applicable to coverage for
45 alcoholism and other substance-use disorders as provided in this
46 section shall be no more restrictive than the financial requirements
47 applied to substantially all medical and surgical benefits covered by

1 the contract, including deductibles, copayments, coinsurance, out-
2 of-pocket expenses, and annual and lifetime limits, except that the
3 contract may not establish separate cost-sharing requirements that
4 are applicable only with respect to coverage for alcoholism and
5 other substance-use disorders; and

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

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, but shall remain inoperative until the enactment into
18 law of P.L. , c. (C.) (pending before the Legislature as
19 Assembly Bill No. 2255 of 2008).

20

21

22

STATEMENT

23

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

26 **Mental Health Coverage:** The bill expands the mental health
27 coverage provisions of P.L.1999, c.106 and P.L.1999, c.441 to
28 require health insurers to provide coverage for serious non-
29 biologically-based mental illness. This requirement would apply to:
30 hospital, medical and health service corporations; individual and
31 small employer and large group commercial health insurers; health
32 maintenance organizations; and the State Health Benefits Program.

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

43 The bill provides as follows:

- 44 • "Serious non-biologically-based mental illness" is defined to
45 mean a mental or nervous condition that is primarily treated with
46 psychotherapy or psychotropic medication but is not caused by a
47 biological disorder of the brain and results in a clinically

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

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

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

15 The bill provides as follows:

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

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