

ASSEMBLY, No. 349

STATE OF NEW JERSEY

Introduced Pending Technical Review by Legislative Counsel

PRE-FILED FOR INTRODUCTION IN THE 1996 SESSION

By Assemblywoman QUIGLEY and Assemblyman IMPREVEDUTO

1 AN ACT concerning mental health expenses benefits in the State
2 Health Benefits Program and amending P.L.1961, c.49.

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

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

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

12 (1) Basic benefits which shall include:

13 (a) Hospital benefits, including outpatient;

14 (b) Surgical benefits;

15 (c) Inpatient medical benefits;

16 (d) Obstetrical benefits; and

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

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

28 (i) Additional days of inpatient medical service;

29 (ii) Surgery elsewhere than in a hospital;

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

31 (iv) Physical therapy services;

32 (v) Radium or radon therapy services; and the extended basic

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

Matter underlined thus is new matter.

1 benefits shall be subject to the same conditions and limitations,
2 applicable to such benefits, as are set forth in "Extended Outpatient
3 Hospital Benefits Rider," Form 1500, 71(9-66), and in "Extended
4 Benefit Rider" (as amended), Form MS 7050J(9-66) issued by the
5 New Jersey "Blue Cross" and "Blue Shield" Plans, respectively, and as
6 the same may be amended or superseded, subject to filing by the
7 Commissioner of Insurance; and

8 (2) Major medical expense benefits which shall provide benefit
9 payments for reasonable and necessary eligible medical expenses for
10 hospitalization, surgery, medical treatment and other related services
11 and supplies to the extent they are not covered by basic benefits. The
12 commission may, by regulation, determine what types of services and
13 supplies shall be included as "eligible medical services" under the
14 major medical expense benefits coverage as well as those which shall
15 be excluded from or limited under such coverage. Benefit payments for
16 major medical expense benefits shall be equal to a percentage of the
17 reasonable charges for eligible medical services incurred by a covered
18 employee or an employee's covered dependent, during a calendar year
19 as exceed a deductible for such calendar year of \$100.00 subject to the
20 maximums hereinafter provided and to the other terms and conditions
21 authorized by this act. The percentage shall be 80% of the first
22 \$2,000.00 of charges for eligible medical services incurred subsequent
23 to satisfaction of the deductible and 100% thereafter. There shall be
24 a separate deductible for each calendar year for (a) each enrolled
25 employee and (b) all enrolled dependents of such employee. Not more
26 than \$1,000,000.00 shall be paid for major medical expense benefits
27 with respect to any one person for the entire period of such person's
28 coverage under the plan, whether continuous or interrupted except
29 that this maximum may be reapplied to a covered person in amounts
30 not to exceed \$2,000.00 a year. [Maximums of \$10,000.00 per
31 calendar year and \$20,000.00 for the entire period of the person's
32 coverage under the plan shall apply to eligible expenses incurred
33 because of mental illness or functional nervous disorders, and such
34 may be reapplied to a covered person.] The same provisions shall
35 apply for retired employees and their dependents. Under the
36 conditions agreed upon by the commission and the carriers as set forth
37 in the contract, the deductible for a calendar year may be satisfied in
38 whole or in part by eligible charges incurred during the last three
39 months of the prior calendar year.

40 Any service determined by regulation of the commission to be an
41 "eligible medical service" under the major medical expense benefits
42 coverage which is performed by a duly licensed practicing psychologist
43 within the lawful scope of his practice shall be recognized for
44 reimbursement under the same conditions as would apply were such
45 service performed by a physician.

46 (B) Benefits under the contract or contracts purchased as

1 authorized by this act may be subject to such limitations, exclusions,
2 or waiting periods as the commission finds to be necessary or desirable
3 to avoid inequity, unnecessary utilization, duplication of services or
4 benefits otherwise available, including coverage afforded under the
5 laws of the United States, such as the federal medicare program, or for
6 other reasons.

7 Benefits under the contract or contracts purchased as authorized by
8 this act shall include those for the treatment of alcoholism where such
9 treatment is prescribed by a physician and shall also include treatment
10 while confined in or as an outpatient of a licensed hospital or
11 residential treatment program which meets minimum standards of care
12 equivalent to those prescribed by the Joint Commission on Hospital
13 Accreditation. No benefits shall be provided beyond those stipulated
14 in the contracts held by the State Health Benefits Commission.

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

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

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

1 such terms and conditions as are normally prescribed by the carrier for
2 this type of coverage.

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

11 (cf: P.L.1989, c.48, s.1)

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13 2. This act shall take effect immediately.

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STATEMENT

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18 This bill changes the maximum amount that will be paid for
19 treatment of mental illness or functional nervous disorders under the
20 State Health Benefits Program. Currently, the maximum that will be
21 paid in any calendar year for eligible expenses incurred because of
22 mental illness or functional nervous disorders is \$10,000; the lifetime
23 maximum payment is \$20,000. The bill eliminates those maximums so
24 that eligible expenses incurred because of mental illness or functional
25 nervous disorders fall under the existing major medical expense
26 benefits lifetime maximum of \$1,000,000.

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31 _____
32 Includes mental health expenses under lifetime limit for major medical
expenses in State Health Benefits Program.