

ASSEMBLY, No. 2813

STATE OF NEW JERSEY

INTRODUCED MARCH 20, 1997

By Assemblymen FELICE, DORIA and
Assemblywoman Weinberg

1 AN ACT concerning health insurance benefits for treatment of mental
2 illness and supplementing P.L.1938, c.366 (C.17:48-1 et seq.),
3 P.L.1940, c.74 (C.17:48A-1 et seq.), P.L.1985, c.236 (C.17:48E-1
4 et seq.), chapter 26 of Title 17B of the New Jersey Statutes,
5 chapter 27 of Title 17B of the New Jersey Statutes, and P.L.1973,
6 c.337 (C.26:2J-1 et seq.).

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8 **BE IT ENACTED** by the Senate and General Assembly of the State
9 of New Jersey:

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11 1. Except as otherwise provided in P.L.1992, c.161 (C.17B:27A-2
12 et seq.) or P.L.1992, c.162 (C.17B:27A-17 et seq.), every hospital
13 service corporation authorized to do business in this State shall, no
14 later than December 31, 1997, offer for sale individual and group
15 health care contracts in accordance with accepted underwriting
16 standards which provide benefits to any subscriber or other person
17 covered thereunder for expenses incurred in connection with the
18 treatment of mental illness or nervous disorders, which benefits are at
19 least equal to the following minimum requirements:

20 a. In the case of benefits based either upon confinement as an
21 inpatient or partial hospitalization in an acute care or psychiatric
22 licensed hospital, the period of confinement for which benefits shall be
23 payable shall be at least 30 days for inpatient care or 60 days for
24 partial hospitalization in any 12-month benefit period. For the purpose
25 of computing the period for which benefits are payable, each two days
26 of partial hospitalization care shall reduce by one day the 30 days
27 available for inpatient care, and each day of inpatient care shall reduce
28 by two days the 60 days available for partial hospitalization care. Each
29 day of confinement as an inpatient or each two days of partial
30 hospitalization shall reduce by one day the total days available for all
31 other illnesses during any one 12-month benefit period. For the
32 purpose of this section, "partial hospitalization" means continuous
33 treatment for at least three hours, but not more than 12 hours in any
34 24-hour period.

35 b. In the case of outpatient benefits for treatment of mental illness
36 or nervous disorders, the benefits shall at least cover services equal to

1 an aggregate benefit of \$800 over a 12-month benefit period.

2 c. The contract may provide for a copayment requirement for
3 mental illness or nervous disorders benefits but that copayment
4 requirement shall not be greater than 50%.

5 d. The contract may establish a deductible requirement for mental
6 illness or nervous disorders benefits but the deductible amount shall
7 not be greater than the deductible amount for any other sickness
8 benefits provided in the contract.

9 e. The contract may limit the benefits required in this section to
10 coverage for treatment of clinically significant mental illnesses
11 recognized by a standard psychiatric diagnostic manual, in accordance
12 with rules and regulations adopted by the Commissioner of Banking
13 and Insurance, pursuant to the "Administrative Procedure Act,"
14 P.L.1968, c.410 (C.52:14B-1 et seq.).

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16 2. Except as otherwise provided in P.L.1992, c.161 (C.17B:27A-2
17 et seq.) or P.L.1992, c.162 (C.17B:27A-17 et seq.), every medical
18 service corporation authorized to do business in this State shall, no
19 later than December 31, 1997, offer for sale individual and group
20 health care contracts in accordance with accepted underwriting
21 standards which provide benefits to any subscriber or other person
22 covered thereunder for expenses incurred in connection with the
23 treatment of mental illness or nervous disorders, which benefits are at
24 least equal to the following minimum requirements:

25 a. In the case of benefits based either upon confinement as an
26 inpatient or partial hospitalization in an acute care or psychiatric
27 licensed hospital, the period of confinement for which benefits shall be
28 payable shall be at least 30 days for inpatient care or 60 days for
29 partial hospitalization in any 12-month benefit period. For the purpose
30 of computing the period for which benefits are payable, each two days
31 of partial hospitalization care shall reduce by one day the 30 days
32 available for inpatient care, and each day of inpatient care shall reduce
33 by two days the 60 days available for partial hospitalization care. Each
34 day of confinement as an inpatient or each two days of partial
35 hospitalization shall reduce by one day the total days available for all
36 other illnesses during any one 12-month benefit period. For the
37 purpose of this section, "partial hospitalization" means continuous
38 treatment for at least three hours, but not more than 12 hours in any
39 24-hour period.

40 b. In the case of outpatient benefits for treatment of mental illness
41 or nervous disorders, the benefits shall at least cover services equal to
42 an aggregate benefit of \$800 over a 12-month benefit period.

43 c. The contract may provide for a copayment requirement for
44 mental illness or nervous disorders benefits but that copayment
45 requirement shall not be greater than 50%.

46 d. The contract may establish a deductible requirement for mental

1 illness or nervous disorders benefits but the deductible amount shall
2 not be greater than the deductible amount for any other sickness
3 benefits provided in the contract.

4 e. The contract may limit the benefits required in this section to
5 coverage for treatment of clinically significant mental illnesses
6 recognized by a standard psychiatric diagnostic manual, in accordance
7 with rules and regulations adopted by the Commissioner of Banking
8 and Insurance, pursuant to the "Administrative Procedure Act,"
9 P.L.1968, c.410 (C.52:14B-1 et seq.).

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11 3. Except as otherwise provided in P.L.1992, c.161 (C.17B:27A-2
12 et seq.) or P.L.1992, c.162 (C.17B:27A-17 et seq.), every health
13 service corporation authorized to do business in this State shall, no
14 later than December 31, 1997, offer for sale individual and group
15 health care contracts in accordance with accepted underwriting
16 standards which provide benefits to any subscriber or other person
17 covered thereunder for expenses incurred in connection with the
18 treatment of mental illness or nervous disorders, which benefits are at
19 least equal to the following minimum requirements:

20 a. In the case of benefits based either upon confinement as an
21 inpatient or partial hospitalization in an acute care or psychiatric
22 licensed hospital, the period of confinement for which benefits shall be
23 payable shall be at least 30 days for inpatient care or 60 days for
24 partial hospitalization in any 12-month benefit period. For the purpose
25 of computing the period for which benefits are payable, each two days
26 of partial hospitalization care shall reduce by one day the 30 days
27 available for inpatient care, and each day of inpatient care shall reduce
28 by two days the 60 days available for partial hospitalization care. Each
29 day of confinement as an inpatient or each two days of partial
30 hospitalization shall reduce by one day the total days available for all
31 other illnesses during any one 12-month benefit period. For the
32 purpose of this section, "partial hospitalization" means continuous
33 treatment for at least three hours, but not more than 12 hours in any
34 24-hour period.

35 b. In the case of outpatient benefits for treatment of mental illness
36 or nervous disorders, the benefits shall at least cover services equal to
37 an aggregate benefit of \$800 over a 12-month benefit period.

38 c. The contract may provide for a copayment requirement for
39 mental illness or nervous disorders benefits but that copayment
40 requirement shall not be greater than 50%.

41 d. The contract may establish a deductible requirement for mental
42 illness or nervous disorders benefits but the deductible amount shall
43 not be greater than the deductible amount for any other sickness
44 benefits provided in the contract.

45 e. The contract may limit the benefits required in this section to
46 coverage for treatment of clinically significant mental illnesses

1 recognized by a standard psychiatric diagnostic manual, in accordance
2 with rules and regulations adopted by the Commissioner of Banking
3 and Insurance, pursuant to the "Administrative Procedure Act,"
4 P.L.1968, c.410 (C.52:14B-1 et seq.).

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6 4. Except as otherwise provided in P.L.1992, c.161 (C.17B:27A-2
7 et seq.) or P.L.1992, c.162 (C.17B:27A-17 et seq.), every individual
8 health insurer authorized to do business in this State shall, no later
9 than December 31, 1997, offer for sale individual health care policies
10 in accordance with accepted underwriting standards which provide
11 benefits to the insured or other person covered thereunder for
12 expenses incurred in connection with the treatment of mental illness or
13 nervous disorders, which benefits are at least equal to the following
14 minimum requirements:

15 a. In the case of benefits based either upon confinement as an
16 inpatient or partial hospitalization in an acute care or psychiatric
17 licensed hospital, the period of confinement for which benefits shall be
18 payable shall be at least 30 days for inpatient care or 60 days for
19 partial hospitalization in any 12-month benefit period. For the purpose
20 of computing the period for which benefits are payable, each two days
21 of partial hospitalization care shall reduce by one day the 30 days
22 available for inpatient care, and each day of inpatient care shall reduce
23 by two days the 60 days available for partial hospitalization care. Each
24 day of confinement as an inpatient or each two days of partial
25 hospitalization shall reduce by one day the total days available for all
26 other illnesses during any one 12-month benefit period. For the
27 purpose of this section, "partial hospitalization" means continuous
28 treatment for at least three hours, but not more than 12 hours in any
29 24-hour period.

30 b. In the case of outpatient benefits for treatment of mental illness
31 or nervous disorders, the benefits shall at least cover services equal to
32 an aggregate benefit of \$800 over a 12-month benefit period.

33 c. The policy may provide for a copayment requirement for mental
34 illness or nervous disorders benefits but that copayment requirement
35 shall not be greater than 50%.

36 d. The policy may establish a deductible requirement for mental
37 illness or nervous disorders benefits but the deductible amount shall
38 not be greater than the deductible amount for any other sickness
39 benefits provided in the policy.

40 e. The policy may limit the benefits required in this section to
41 coverage for treatment of clinically significant mental illnesses
42 recognized by a standard psychiatric diagnostic manual, in accordance
43 with rules and regulations adopted by the Commissioner of Banking
44 and Insurance, pursuant to the "Administrative Procedure Act,"
45 P.L.1968, c.410 (C.52:14B-1 et seq.).

1 5. Except as otherwise provided in P.L.1992, c.161 (C.17B:27A-2
2 et seq.) or P.L.1992, c.162 (C.17B:27A-17 et seq.), every group
3 health insurer authorized to do business in this State shall, no later
4 than December 31, 1997, offer for sale health care policies in
5 accordance with accepted underwriting standards which provide
6 benefits to any insured or other person covered thereunder for
7 expenses incurred in connection with the treatment of mental illness or
8 nervous disorders, which benefits are at least equal to the following
9 minimum requirements:

10 a. In the case of benefits based either upon confinement as an
11 inpatient or partial hospitalization in an acute care or psychiatric
12 licensed hospital, the period of confinement for which benefits shall be
13 payable shall be at least 30 days for inpatient care or 60 days for
14 partial hospitalization in any 12-month benefit period. For the purpose
15 of computing the period for which benefits are payable, each two days
16 of partial hospitalization care shall reduce by one day the 30 days
17 available for inpatient care, and each day of inpatient care shall reduce
18 by two days the 60 days available for partial hospitalization care. Each
19 day of confinement as an inpatient or each two days of partial
20 hospitalization shall reduce by one day the total days available for all
21 other illnesses during any one 12-month benefit period. For the
22 purpose of this section, "partial hospitalization" means continuous
23 treatment for at least three hours, but not more than 12 hours in any
24 24-hour period.

25 b. In the case of outpatient benefits for treatment of mental illness
26 or nervous disorders, the benefits shall at least cover services equal to
27 an aggregate benefit of \$800 over a 12-month benefit period.

28 c. The policy may provide for a copayment requirement for mental
29 illness or nervous disorders benefits but that copayment requirement
30 shall not be greater than 50%.

31 d. The policy may establish a deductible requirement for mental
32 illness or nervous disorders benefits but the deductible amount shall
33 not be greater than the deductible amount for any other sickness
34 benefits provided in the policy.

35 e. The policy may limit the benefits required in this section to
36 coverage for treatment of clinically significant mental illnesses
37 recognized by a standard psychiatric diagnostic manual, in accordance
38 with rules and regulations adopted by the Commissioner of Banking
39 and Insurance, pursuant to the "Administrative Procedure Act,"
40 P.L.1968, c.410 (C.52:14B-1 et seq.).

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42 6. Except as otherwise provided in P.L.1992, c.161 (C.17B:27A-2
43 et seq.) or P.L.1992, c.162 (C.17B:27A-17 et seq.), and
44 notwithstanding any provisions of law to the contrary, a certificate of
45 authority to establish and operate a health maintenance organization
46 in this State shall not be issued or continued by the Commissioner of

1 Health and Senior Services after the effective date of this act unless
2 the health maintenance organization offers health care services to any
3 enrollee for treatment of mental illness or nervous disorders pursuant
4 to this act.

5 The Commissioner of Health and Senior Services shall adopt rules
6 and regulations in accordance with the "Administrative Procedure
7 Act," P.L.1968, c.410 (C.52:14B-1 et seq.) which establish the
8 following minimum requirements for services for treatment of mental
9 illness and nervous disorders provided by health maintenance
10 organizations:

11 a. In the case of services based either upon confinement as an
12 inpatient or partial hospitalization in an acute care or psychiatric
13 licensed hospital, the period of confinement for which services shall be
14 rendered shall be at least 30 days for inpatient care or 60 days for
15 partial hospitalization in any 12-month service period. For the
16 purpose of computing the period for which services are rendered, each
17 two days of partial hospitalization care shall reduce by one day the 30
18 days available for inpatient care, and each day of inpatient care shall
19 reduce by two days the 60 days available for partial hospitalization
20 care. Each day of confinement as an inpatient or each two days of
21 partial hospitalization may reduce by one day the total days available
22 for all other illnesses during any one 12-month service period. For the
23 purpose of this section, "partial hospitalization" means continuous
24 treatment for at least three hours, but not more than 12 hours, in any
25 24-hour period.

26 b. In the case of outpatient services for treatment of mental illness
27 or nervous disorders, the services shall at least cover services equal to
28 an aggregate benefit of \$800 over a 12-month period.

29 c. The health maintenance organization may provide for a
30 copayment requirement for mental illness or nervous disorders services
31 but that copayment requirement shall not be greater than 50%.

32 d. The health maintenance organization may establish a deductible
33 requirement for mental illness or nervous disorders services but the
34 deductible amount shall not be greater than the deductible amount for
35 any other sickness services provided by the health maintenance
36 organization.

37 e. The health maintenance organization may limit the services
38 required in this act to coverage for treatment of clinically significant
39 mental illnesses recognized by a standard psychiatric diagnostic
40 manual, in accordance with rules and regulations adopted by the
41 Commissioner of Health and Senior Services.

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43 7. Sections 1 through 5 of this act shall take effect immediately and
44 section 6 shall take effect on the 90th day following the date of
45 enactment.

STATEMENT

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This bill requires hospital, medical and health service corporations, commercial insurers, and health maintenance organizations to offer in all contracts and policies, no later than December 31, 1997, benefits for the treatment of mental illness and nervous disorders. The bill also establishes minimum benefit levels for these benefits. The requirement to offer the benefits would not apply to individual and small employer health benefits plans established pursuant to P.L.1992, c.161 and P.L.1992, c.162, respectively.

The bill requires that the benefits provide for at least 30 days of inpatient hospital care or 60 days of partial hospitalization within a 12-month benefit period. Two partial hospitalization days shall be equal to one inpatient hospitalization day and the total number of days used for this benefit shall be deducted from the total number of days available for all sickness.

The bill also requires that at least the equivalent of \$800 of outpatient benefits within a 12-month benefit period be provided and states that there may be a copayment requirement of up to 50% and a deductible requirement, but the deductible must not be greater than the deductible for any other covered sickness.

Finally, to ensure that the required benefits under this bill are used for the treatment of illness, the bill permits carriers to limit coverage to the treatment of clinically significant mental illness recognized by a standard psychiatric diagnostic manual as prescribed by the Commissioner of Banking and Insurance.

Requires health insurers to offer benefits for treatment of mental illness.