

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

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HOUSE BILL 823

Short Title: Mental Health Parity.

(Public)

Sponsors: Representatives Alexander; Beall, Earle, Easterling, Fox, H. Hunter, McAllister, and Ramsey.

Referred to: Insurance.

April 11, 1995

A BILL TO BE ENTITLED

AN ACT TO REQUIRE PARITY IN HEALTH INSURANCE FOR MENTAL ILLNESS AND CHEMICAL DEPENDENCY.

The General Assembly of North Carolina enacts:

Section 1. G.S. 58-50-155 is amended by inserting a new subsection to read:

"(a2) Notwithstanding G.S. 58-50-125(c), the standard health plan developed and approved under G.S. 58-50-125 shall provide coverage for the treatment of chemical dependency and mental illness that is at least equal to the coverage required by G.S. 58-51-50 and G.S. 58-51-55, respectively."

Sec. 2. G.S. 58-51-50 reads as rewritten:

"§ 58-51-50. Coverage for chemical dependency treatment.

(a) As used in this section, the term 'chemical dependency' means the pathological use or abuse of alcohol or other drugs in a manner or to a degree that produces an impairment in personal, social or occupational functioning and which may, but need not, include a pattern of tolerance and withdrawal.

(b) Every insurer that writes a policy or contract of group or blanket health insurance or group or blanket accident and health insurance that is issued, renewed, or amended on or after January 1, 1985, shall ~~offer~~ provide to its insureds benefits for the necessary care and treatment of chemical dependency that are not less favorable than

1 benefits for physical illness generally. ~~Except as provided in subsection (e) of this section,~~
2 ~~benefits~~ Benefits for treatment of chemical dependency shall be subject to the same
3 durational limits, dollar limits, deductibles, and coinsurance factors as are benefits for
4 physical illness generally.

5 ~~(e) Every group policy or group contract of insurance that provides benefits for~~
6 ~~chemical dependency treatment and that provides total annual benefits for all illnesses in~~
7 ~~excess of eight thousand dollars (\$8,000) is subject to the following conditions:~~

8 (1) ~~The policy or contract shall provide, for each 12-month period, a~~
9 ~~minimum benefit of eight thousand dollars (\$8,000) for the necessary~~
10 ~~care and treatment of chemical dependency.~~

11 (2) ~~The policy or contract shall provide a minimum benefit of sixteen~~
12 ~~thousand dollars (\$16,000) for the necessary care and treatment of~~
13 ~~chemical dependency for the life of the policy or contract.~~

14 (d) Provisions for benefits for necessary care and treatment of chemical
15 dependency in group policies or group contracts of insurance shall provide benefit
16 payments for the following providers of necessary care and treatment of chemical
17 dependency:

18 (1) The following units of a general hospital licensed under Article 5 of
19 General Statutes Chapter 131E:

- 20 a. Chemical dependency units in facilities licensed after October 1,
21 1984;
22 b. Medical units;
23 c. Psychiatric units; and

24 (2) The following facilities or programs licensed after July 1, 1984, under
25 Article 2 of General Statutes Chapter 122C:

- 26 a. Chemical dependency units in psychiatric hospitals;
27 b. Chemical dependency hospitals;
28 c. Residential chemical dependency treatment facilities;
29 d. Social setting detoxification facilities or programs;
30 e. Medical detoxification or programs; and

31 (3) Duly licensed physicians and duly licensed practicing psychologists and
32 certified professionals working under the direct supervision of such
33 physicians or psychologists in facilities described in (1) and (2) above
34 and in day/night programs or outpatient treatment facilities licensed
35 after July 1, 1984, under Article 2 of General Statutes Chapter 122C.

36 Provided, however, that nothing in this subsection shall prohibit any policy or contract of
37 insurance from requiring the most cost effective treatment setting to be utilized by the
38 person undergoing necessary care and treatment for chemical dependency.

39 ~~(e) Coverage for chemical dependency treatment as described in this section shall~~
40 ~~not be applicable to any group policy holder or group contract holder who rejects the~~
41 ~~coverage in writing."~~

42 Sec. 3. G.S. 58-51-55 reads as rewritten:

43 **"§ 58-51-55. No discrimination against the mentally ill and chemically dependent.**

1 (a) As used in this section, the term:

2 (1) 'Mental illness' has the same meaning as defined in G.S. 122C-3(21);
3 and

4 (2) 'Chemical dependency' has the same meaning as defined in G.S. 58-51-
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6 with a diagnosis found in the Diagnostic and Statistical Manual of Mental Disorders
7 ~~DSM-3-R~~ DSM-IV or the International Classification of Diseases ICD/9/CM, or a later
8 edition of those manuals.

9 (b) No insurance company licensed in this State under the provisions of Articles 1
10 through 64 of this Chapter shall, solely because an individual to be insured has or had a
11 mental illness or chemical dependency:

12 (1) Refuse to issue or deliver to that individual any policy that affords
13 benefits or coverages for any medical treatment or service for physical
14 illness or injury;

15 (2) Have a higher premium rate or charge for physical illness or injury
16 coverages or benefits for that individual; or

17 (3) Reduce physical illness or injury coverages or benefits for that
18 individual.

19 (c) Nothing in this section prevents any insurance company from excluding from
20 coverage any physical illness or injury or mental illness or chemical dependency which
21 has existed previous to coverage of the individual by the insurance company or from
22 refusing to issue or deliver to that individual any policy because of the underwriting of
23 any physical condition whether or not related to mental illness or chemical dependency.

24 (d) This section applies only to group health insurance contracts covering 20 or
25 more employees.

26 (e) Every insurer that writes a policy or contract of group or blanket health
27 insurance or group or blanket accident and health insurance that is issued, renewed, or
28 amended on or after January 1, 1996, shall provide to its insureds benefits for the
29 necessary care and treatment of mental illness that are not less favorable than benefits for
30 physical illness generally. Benefits for treatment of mental illness shall be subject to the
31 same durational limits, dollar limits, deductibles, and coinsurance factors as are benefits
32 for physical illness generally."

33 Sec. 4. G.S. 135-40.7A reads as rewritten:

34 **"§ 135-40.7A. Special provisions for chemical dependency.**

35 (a) ~~Except as otherwise provided in this section, benefits~~ Benefits for treatment of
36 chemical dependency are covered by the Plan and shall be subject to the same
37 deductibles, durational limits, and coinsurance factors as are benefits for physical illness
38 generally.

39 (b) ~~Notwithstanding any other provisions of this Part, the maximum benefit for~~
40 ~~each covered individual for treatment of chemical dependency is as follows:~~

41 Fiscal Year \$8,000

42 Lifetime 25,000

1 ~~Daily benefits are limited to two hundred dollars (\$200.00) except for medical~~
2 ~~detoxification treatment under rules established by the Executive Administrator and~~
3 ~~Board of Trustees.~~

4 (c) Notwithstanding any other provision of this Part, provisions for benefits for
5 necessary care and treatment of chemical dependency under this Part shall provide for
6 benefit payments for the following providers of necessary care and treatment of chemical
7 dependency:

8 (1) The following units of a general hospital licensed under Article 5 of
9 General Statutes Chapter 131E:

- 10 a. Chemical dependency units in facilities licensed after October 1,
11 1984;
12 b. Medical units;
13 c. Psychiatric units; and

14 (2) The following facilities licensed after July 1, 1984, under Article 2 of
15 General Statutes Chapter 122C:

- 16 a. Chemical dependency units in psychiatric hospitals;
17 b. Chemical dependency hospitals;
18 c. Residential chemical dependency treatment facilities;
19 d. Social setting detoxification facilities or programs;
20 e. Medical detoxification facilities or programs; and

21 (3) Duly licensed physicians and duly licensed practicing psychologists,
22 certified clinical social workers, certified clinical specialists in
23 psychiatric and mental health nursing, and certified professionals
24 working under the direct supervision of such physicians or
25 psychologists in facilities described in (1) and (2) above and in
26 day/night programs or outpatient treatment facilities licensed after July
27 1, 1984, under Article 2 of General Statutes Chapter 122C.

28 Provided, however, that nothing in this subsection shall prohibit the Plan from requiring
29 the most cost effective treatment setting to be utilized by the person undergoing
30 necessary care and treatment for chemical dependency."

31 Sec. 5. G.S. 135-40.7B reads as rewritten:

32 **"§ 135-40.7B. Special provisions for mental health benefits.**

33 (a) ~~Except as otherwise provided in this section, benefits~~ Benefits for the treatment of
34 mental illness are covered by the Plan and shall be subject to the same deductibles,
35 durational limits, and coinsurance factors as are benefits for physical illness generally.

36 (b) Notwithstanding any other provision of this Part, the following necessary
37 services for the care and treatment of mental illness shall be covered under this section:
38 allowable institutional and professional charges for inpatient psychiatric care, outpatient
39 psychotherapy, intensive outpatient crisis management, partial hospitalization treatment,
40 and residential care and treatment. The benefits provided by this section are separate and
41 apart from those provided by G.S. 135-40.7A.

42 (c) Notwithstanding any other provisions of this Part, the following providers are
43 authorized to provide necessary care and treatment for mental illness under this section:

- 1 (1) Licensed psychiatrists;
- 2 (2) Licensed or certified doctors of psychology;
- 3 (3) Certified clinical social workers;
- 4 (4) Psychiatric ~~nurses~~; nurse specialists;
- 5 (5) Other social workers under the direct employment and supervision of a
- 6 licensed psychiatrist or licensed doctor of psychology;
- 7 (6) Psychological associates with a master's degree in psychology under the
- 8 direct employment and supervision of a licensed psychiatrist or licensed
- 9 or certified doctor of psychology;
- 10 (7) Licensed psychiatric hospitals and licensed general hospitals providing
- 11 psychiatric treatment programs; and
- 12 (8) Certified residential treatment facilities, community mental health
- 13 centers, and partial hospitalization facilities.

14 (d) Benefits provided under this section shall be subject to a managed,
15 individualized care component consisting of (i) inpatient utilization review through
16 preadmission and length-of-stay certification for scheduled inpatient admissions and
17 length-of-stay reviews for unscheduled inpatient admissions, and (ii) a network of
18 qualified, available providers of inpatient and outpatient psychiatric treatment
19 psychotherapy. Where qualified preferred providers of inpatient and outpatient care are
20 reasonably available, use of providers outside of the preferred network shall be subject to
21 a twenty percent (20%) coinsurance rate up to five thousand dollars (\$5,000) per fiscal
22 year to be assessed against each covered individual in addition to the general coinsurance
23 percentage and maximum fiscal year amount specified by G.S. 135-40.4 and G.S. 135-
24 40.6."

25 Sec. 6. This act becomes effective January 1, 1996, and applies to all policies
26 or contracts issued, renewed, or amended on or after that date.