

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2007

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HOUSE BILL 973

Short Title: Mental Health Equitable Coverage. (Public)

Sponsors: Representatives Alexander, Holliman, Wainwright, Insko (Primary Sponsors); Adams, Blue, Carney, Church, Coleman, Crawford, Cunningham, Earle, Farmer-Butterfield, Fisher, Gibson, Glazier, Goforth, Goodwin, Hall, Harrison, Jeffus, Jones, Lucas, Luebke, McLawhorn, Mobley, Parmon, Ross, Tarleton, Tolson, E. Warren, Weiss, Wilkins, Womble, and Wray.

Referred to: Health, if favorable, Insurance.

March 22, 2007

A BILL TO BE ENTITLED

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

The General Assembly of North Carolina enacts:

**SECTION 1.** G.S. 58-51-50 reads as rewritten:

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

(a) Definitions. – As used in this section, the term "~~chemical term~~":

(1) '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.

(2) 'Health benefit plan' has the same meaning as in G.S. 58-3-167.

(3) 'Insurer' has the same meaning as in G.S. 58-3-167.

(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 to its insureds~~ shall provide in each group health benefit plan benefits for the necessary care and treatment of chemical dependency that are not less favorable than benefits for physical illness generally. ~~Except as provided in subsection (c) of this section, benefits~~ Benefits for treatment of chemical dependency shall be subject to the same ~~durational limits, dollar limits, deductibles, and coinsurance factors~~ limits as are benefits for physical illness generally. For purposes of this subsection, 'limits' includes durational limits, deductibles, coinsurance factors, co-payments, maximum out-of-pocket limits, annual and lifetime dollar limits, and any other dollar limits or fees for covered services.

1       **(b1) Weighted Average.** – If a group health benefit plan contains annual limits,  
2 lifetime limits, co-payments, deductibles, or coinsurance only on selected physical  
3 illness and injury benefits, and these benefits do not represent substantially all of the  
4 physical illness and injury benefits under the health benefit plan, then the insurer may  
5 impose limits on the chemical dependency treatment benefits based on a weighted  
6 average of the respective annual, lifetime, co-payment, deductible, or coinsurance limits  
7 on the selected physical illness and injury benefits. The weighted average shall be  
8 calculated in accordance with rules adopted by the Commissioner.

9       **(b2) Case Management.** – An insurer may use a case management program for  
10 chemical dependency treatment benefits to evaluate and determine medically necessary  
11 and medically appropriate care and treatment for each patient, provided that the  
12 program complies with rules adopted by the Commissioner. These rules shall ensure  
13 that case management programs are not designed to avoid the requirements of this  
14 section concerning equity between the benefits for chemical dependency treatment and  
15 those for physical illness generally.

16       **(b3) Medical Necessity.** – Nothing in this section prohibits a group health benefit  
17 plan from managing the provision of benefits through common methods, including, but  
18 not limited to, preadmission screening, prior authorization of services, or other  
19 mechanisms designed to limit coverage to services for chemical dependency treatment  
20 only to those that are deemed medically necessary.

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

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

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

30       **(d)** Provisions for benefits for necessary care and treatment of chemical  
31 dependency in group policies or group contracts of insurance shall provide benefit  
32 payments for the following providers of necessary care and treatment of chemical  
33 dependency:

34           (1) The following units of a general hospital licensed under Article 5 of  
35 ~~General Statutes Chapter 131E:~~ 131E of the General Statutes:

36           a. Chemical dependency units in licensed facilities; ~~facilities~~  
37 ~~licensed after October 1, 1984;~~

38           b. Medical units;

39           c. Psychiatric units; and

40           (2) The following facilities or programs licensed ~~after July 1, 1984, under~~  
41 ~~Article 2 of General Statutes Chapter 122C:~~ under Article 2 of Chapter  
42 122C of the General Statutes:

43           a. Chemical dependency units in psychiatric hospitals;

44           b. Chemical dependency hospitals;

- c. Residential chemical dependency treatment facilities;
- d. Social setting detoxification facilities or programs;
- e. Medical detoxification or programs; and
- (3) Duly licensed physicians and duly licensed practicing psychologists and certified professionals working under the direct supervision of such physicians or psychologists in facilities described in (1) and (2) above and in day/night programs or outpatient treatment facilities licensed after July 1, 1984, under Article 2 of General Statutes Chapter ~~122C~~ under Article 2 of Chapter 122C of the General Statutes.
- (4) Duly licensed clinical social workers, duly certified substance abuse professionals, and licensed professional counselors working within the scope of practice in facilities described in subdivisions (1) and (2) of this subsection and in day/night programs or outpatient treatment facilities licensed under Article 2 of Chapter 122C of the General Statutes.

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

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

SECTION 2. G.S. 58-51-55 reads as rewritten:

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

(a) Definitions. – As used in this section, the term:

- (1) 'Mental illness' has the same meaning as defined in ~~G.S. 122C-3(21); and~~ G.S. 122C-3(21), with a mental disorder defined in the Diagnostic and Statistical Manual of Mental Disorders, DSM-IV, or a subsequent edition published by the American Psychiatric Association, except those mental disorders coded in the DSM-IV or subsequent edition as substance-related disorders (291.0 through 292.9 and 303.0 through 305.9) and those coded as 'V' codes.
- (2) 'Chemical dependency' has the same meaning as defined in ~~G.S. 58-51-50~~ G.S. 58-51-50, with a mental disorder defined in the Diagnostic and Statistical Manual of Mental Disorders, DSM-IV, or subsequent editions of this manual.

~~with a diagnosis found in the Diagnostic and Statistical Manual of Mental Disorders DSM 3 R or the International Classification of Diseases ICD/9/CM, or a later edition of those manuals.~~

(b) Coverage of Physical Illness. – No insurance company licensed in this State under this Chapter shall, solely because an individual to be insured has or had a mental illness or chemical dependency:

- 1 (1) Refuse to issue or deliver to that individual any policy that affords
- 2 benefits or coverages for any medical treatment or service for physical
- 3 illness or injury;
- 4 (2) Have a higher premium rate or charge for physical illness or injury
- 5 coverages or benefits for that individual; or
- 6 (3) Reduce physical illness or injury coverages or benefits for that
- 7 individual.

8 ~~(b1) Coverage of Mental Illness.—A policy that covers both physical illness or~~  
9 ~~injury and mental illness may not impose a lesser lifetime or annual dollar limitation on~~  
10 ~~the mental health benefits than on the physical illness or injury benefits, subject to the~~  
11 ~~following:~~

- 12 ~~(1) A lifetime limit or annual limit may be made applicable to all benefits~~  
13 ~~under the policy, without distinguishing the mental health benefits.~~
- 14 ~~(2) If the policy contains lifetime limits only on selected physical illness~~  
15 ~~and injury benefits, and these benefits do not represent substantially all~~  
16 ~~of the physical illness and injury benefits under the policy, the insurer~~  
17 ~~may impose a lifetime limit on the mental health benefits that is based~~  
18 ~~on a weighted average of the respective lifetime limits on the selected~~  
19 ~~physical illness and injury benefits. The weighted average shall be~~  
20 ~~calculated in accordance with rules adopted by the Commissioner.~~
- 21 ~~(3) If the policy contains annual limits only on selected physical illness~~  
22 ~~and injury benefits, and these benefits do not represent substantially all~~  
23 ~~of the physical illness and injury benefits under the policy, the insurer~~  
24 ~~may impose an annual limit on the mental health benefits that is based~~  
25 ~~on a weighted average of the respective annual limits on the selected~~  
26 ~~physical illness and injury benefits. The weighted average shall be~~  
27 ~~calculated in accordance with rules adopted by the Commissioner.~~
- 28 ~~(4) Except as otherwise provided in this section, the policy may~~  
29 ~~distinguish between mental illness benefits and physical injury or~~  
30 ~~illness benefits with respect to other terms of the policy, including~~  
31 ~~coinsurance, limits on provider visits or days of coverage, and~~  
32 ~~requirements relating to medical necessity.~~
- 33 ~~(5) If the insurer offers two or more benefit package options under a~~  
34 ~~policy, each package must comply with this subsection.~~
- 35 ~~(6) This subsection does not apply to a policy if the insurer can~~  
36 ~~demonstrate to the Commissioner that compliance will increase the~~  
37 ~~cost of the policy by one percent (1%) or more.~~
- 38 ~~(7) This subsection expires October 1, 2001, but the expiration does not~~  
39 ~~affect services rendered before that date.~~

40 ~~(c) Mental Illness or Chemical Dependency Coverage Not Required.—Nothing~~  
41 ~~in this section requires an insurer to offer coverage for mental illness or chemical~~  
42 ~~dependency, except as provided in G.S. 58-51-50.~~

43 ~~(d) Applicability.—Subsection (b1) of this section applies only to group health~~  
44 ~~insurance contracts, other than excepted benefits as defined in G.S. 58-68-25, covering~~

1 ~~more than 50 employees. The remainder of this section applies only to group health~~  
2 ~~insurance contracts covering 20 or more employees. For purposes of this section, "group~~  
3 ~~health insurance contracts" include MEWAs, as defined in G.S. 58-49-30(a)."~~

4 **SECTION 3.** Article 3 of Chapter 58 of the General Statutes is amended by  
5 adding the following new section to read:

6 **"§ 58-3-220. Mental illness benefits coverage.**

7 (a) Mental Health Equity Requirement. – An insurer shall provide in each group  
8 health benefit plan benefits for the necessary care and treatment of mental illness that  
9 are no less favorable than benefits for physical illness generally. Benefits for treatment  
10 of mental illness shall be subject to the same limits as benefits for physical illness  
11 generally. For purposes of this subsection, 'limits' includes durational limits,  
12 deductibles, coinsurance factors, co-payments, maximum out-of-pocket limits, annual  
13 and lifetime dollar limits, and any other dollar limits or fees for covered services.

14 (b) Weighted Average. – If a health benefit plan contains annual limits, lifetime  
15 limits, co-payments, deductibles, or coinsurance only on selected physical illness and  
16 injury benefits, and these benefits do not represent substantially all of the physical  
17 illness and injury benefits under the health benefit plan, then the insurer may impose  
18 limits on the mental health benefits based on a weighted average of the respective  
19 annual, lifetime, co-payment, deductible, or coinsurance limits on the selected physical  
20 illness and injury benefits. The weighted average shall be calculated in accordance with  
21 rules adopted by the Commissioner.

22 (c) Case Management. – An insurer may use a case management program for  
23 mental illness benefits to evaluate and determine medically necessary and medically  
24 appropriate care and treatment for each patient, provided that the program complies  
25 with rules adopted by the Commissioner. These rules may ensure only that case  
26 management programs are not designed to avoid the requirement of this section for  
27 equity between the benefits for mental illness and those for physical illness generally.

28 (d) Medical Necessity. – Nothing in this section prohibits a group health benefit  
29 plan from managing the provision of benefits through common methods, including, but  
30 not limited to, preadmission screening, prior authorization of services, or other  
31 mechanisms designed to limit coverage to services for mental illness only to those that  
32 are deemed medically necessary.

33 (e) Definitions. – As used in this section:

34 (1) 'Health benefit plan' has the same meaning as in G.S. 58-3-167.

35 (2) 'Insurer' has the same meaning as in G.S. 58-3-167.

36 (3) 'Mental illness' has the same meaning as in G.S. 122C-3(21), with a  
37 mental disorder defined in the Diagnostic and Statistical Manual of  
38 Mental Disorders, DSM-IV, or a subsequent edition published by the  
39 American Psychiatric Association, except those mental disorders  
40 coded in the DSM-IV or subsequent edition as substance-related  
41 disorders (291.0 through 292.9 and 303.0 through 305.9) and those  
42 coded as 'V' codes."

43 **SECTION 4.** G.S. 58-65-75 reads as rewritten:

44 **"§ 58-65-75. Coverage for chemical dependency treatment.**

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

5 (b) Chemical Dependency Equity Requirement. – Every group insurance  
6 certificate or group subscriber contract under any hospital or medical plan governed by  
7 this Article and Article 66 of this Chapter ~~that is issued, renewed, or amended on or~~  
8 ~~after January 1, 1985, shall offer~~ shall provide to its insureds benefits for the necessary  
9 care and treatment of chemical dependency that are not less favorable than benefits for  
10 physical illness generally. ~~Except as provided in subsection (c) of this section,~~  
11 ~~benefits~~ Benefits for chemical dependency shall be subject to the same ~~durational limits,~~  
12 ~~dollar limits, deductibles, and coinsurance factors~~ limits as are benefits for physical  
13 illness generally. For purposes of this subsection, 'limits' includes durational limits,  
14 deductibles, coinsurance factors, co-payments, maximum out-of-pocket limits, annual  
15 and lifetime dollar limits, and any other dollar limits or fees for covered services.

16 (b1) Weighted Average. – If a hospital or medical plan governed by this Article  
17 contains annual limits, lifetime limits, co-payments, deductibles, or coinsurance only on  
18 selected physical illness and injury benefits, and these benefits do not represent  
19 substantially all of the physical illness and injury benefits under the plan, then the group  
20 insurance certificate or group subscriber contract may impose limits on the chemical  
21 dependency treatment benefits based on a weighted average of the respective annual,  
22 lifetime, co-payment, deductible, or coinsurance limits on the selected physical illness  
23 and injury benefits. The weighted average shall be calculated in accordance with rules  
24 adopted by the Commissioner.

25 (b2) Case Management. – A group insurance certificate or group subscriber  
26 contract may use a case management program for chemical dependency treatment  
27 benefits to evaluate and determine medically necessary and medically appropriate care  
28 and treatment for each patient, provided that the program complies with rules adopted  
29 by the Commissioner. These rules shall ensure that case management programs are not  
30 designed to avoid the requirements of this section concerning equity between the  
31 benefits for chemical dependency treatment and those for physical illness generally.

32 (b3) Medical Necessity. – Nothing in this section prohibits a hospital or medical  
33 plan governed by this Article from managing the provision of benefits through common  
34 methods, including, but not limited to, preadmission screening, prior authorization of  
35 services, or other mechanisms designed to limit coverage to services for chemical  
36 dependency treatment only to those that are deemed medically necessary.

37 (c) ~~Every group insurance certificate or group subscriber contract that provides~~  
38 ~~benefits for chemical dependency treatment and that provides total annual benefits for~~  
39 ~~all illnesses in excess of eight thousand dollars (\$8,000) is subject to the following~~  
40 ~~conditions:~~

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

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

4           (d) Provisions for benefits for necessary care and treatment of chemical  
5           dependency in group certificates or group contracts shall provide for benefit payments  
6           for the following providers of necessary care and treatment of chemical dependency:

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

9           a. Chemical dependency units in ~~facilities licensed after October~~  
10           ~~1, 1984; licensed facilities;~~

11           b. Medical units;

12           c. Psychiatric units; and

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

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 psychologists and certified  
22           professionals working under the direct supervision of such physicians  
23           or psychologists in facilities described in (1) and (2) above and in  
24           day/night programs or outpatient treatment facilities licensed ~~after July~~  
25           ~~1, 1984, under Article 2 of General Statutes Chapter 122C:under~~  
26           ~~Article 2 of Chapter 122C of the General Statutes. After January 1,~~  
27           ~~1995, "duly licensed psychologist" 'Duly licensed psychologist' shall be~~  
28           ~~defined as means~~ licensed psychologists who hold permanent licensure  
29           and certification as health services provider psychologist issued by the  
30           North Carolina Psychology Board.

31           (4) Duly licensed clinical social workers, duly certified substance abuse  
32           professionals, and licensed professional counselors working within the  
33           scope of practice in facilities described in subdivisions (1) and (2) of  
34           this subsection and in day/night programs or outpatient treatment  
35           facilities licensed under Article 2 of Chapter 122C of the General  
36           Statutes.

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

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

43           **SECTION 5.** G.S. 58-65-90 reads as rewritten:

1 "§ 58-65-90. No discrimination against ~~the~~ mentally ill and chemically  
2 ~~dependent.~~dependent individuals.

3 (a) Definitions. – As used in this section, the term:

4 (1) 'Mental illness' has the same meaning as defined in ~~G.S. 122C-3(21);~~  
5 ~~and~~G.S. 122C-3(21), with a mental disorder defined in the Diagnostic  
6 and Statistical Manual of Mental Disorders, DSM-IV, or a subsequent  
7 edition published by the American Psychiatric Association, except  
8 those mental disorders coded in the DSM-IV or subsequent edition as  
9 substance-related disorders (291.0 through 292.9 and 303.0 through  
10 305.9) and those coded as 'V' codes.

11 (2) 'Chemical dependency' has the same meaning as defined in  
12 ~~G.S. 58-65-75~~58-65-75, with a mental disorder defined in the  
13 Diagnostic and Statistical Manual of Mental Disorders, DSM-IV, or  
14 subsequent editions of this manual.

15 ~~with a diagnosis found in the Diagnostic and Statistical Manual of Mental Disorders~~  
16 ~~DSM-3-R or the International Classification of Diseases ICD/9/CM, or a later edition of~~  
17 ~~those manuals.~~

18 (b) Coverage of Physical Illness. – No service corporation governed by this  
19 Chapter shall, solely because an individual to be insured has or had a mental illness or  
20 chemical dependency:

21 (1) Refuse to issue or deliver to that individual any individual or group  
22 subscriber contract in this State that affords benefits or coverage for  
23 medical treatment or service for physical illness or injury;

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

26 (3) Reduce physical illness or injury coverages or benefits for that  
27 individual.

28 ~~(b1) Coverage of Mental Illness. — A subscriber contract that covers both physical~~  
29 ~~illness or injury and mental illness may not impose a lesser lifetime or annual dollar~~  
30 ~~limitation on the mental health benefits than on the physical illness or injury benefits,~~  
31 ~~subject to the following:~~

32 ~~(1) A lifetime limit or annual limit may be made applicable to all benefits~~  
33 ~~under the subscriber contract, without distinguishing the mental health~~  
34 ~~benefits.~~

35 ~~(2) If the subscriber contract contains lifetime limits only on selected~~  
36 ~~physical illness or injury benefits, and these benefits do not represent~~  
37 ~~substantially all of the physical illness and injury benefits under the~~  
38 ~~subscriber contract, the service corporation may impose a lifetime~~  
39 ~~limit on the mental health benefits that is based on a weighted average~~  
40 ~~of the respective lifetime limits on the selected physical illness and~~  
41 ~~injury benefits. The weighted average shall be calculated in~~  
42 ~~accordance with rules adopted by the Commissioner.~~

43 ~~(3) If the subscriber contract contains annual limits only on selected~~  
44 ~~physical illness and injury benefits, and these benefits do not represent~~



1 substantially all of the physical illness and injury benefits under the  
 2 subscriber contract, the service corporation may impose an annual  
 3 limit on the mental health benefits that is based on a weighted average  
 4 of the respective annual limits on the selected physical illness and  
 5 injury benefits. The weighted average shall be calculated in  
 6 accordance with rules adopted by the Commissioner.

7 (4) Except as otherwise provided in this section, the subscriber contract  
 8 may distinguish between mental illness benefits and physical injury or  
 9 illness benefits with respect to other terms of the subscriber contract,  
 10 including coinsurance, limits on provider visits or days of coverage,  
 11 and requirements relating to medical necessity.

12 (5) If the service corporation offers two or more benefit package options  
 13 under a subscriber contract, each package must comply with this  
 14 subsection.

15 (6) This subsection does not apply to a subscriber contract if the service  
 16 corporation can demonstrate to the Commissioner that compliance will  
 17 increase the cost of the subscriber contract by one percent (1%) or  
 18 more.

19 (7) This subsection expires October 1, 2001, but the expiration does not  
 20 affect services rendered before that date.

21 (e) ~~Mental Illness or Chemical Dependency Coverage Not Required.~~—Nothing  
 22 in this section requires a service corporation to offer coverage for mental illness or  
 23 chemical dependency, except as provided in G.S. 58-65-75.

24 (d) Applicability.—Subsection (b1) of this section applies only to subscriber  
 25 contracts, other than excepted benefits as defined in G.S. 58-68-25, covering more than  
 26 50 employees. The remainder of this section applies only to group contracts covering 20  
 27 or more employees."

28 **SECTION 6.** G.S. 58-67-70 reads as rewritten:

29 "**§ 58-67-70. Coverage for chemical dependency treatment.**

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

34 (b) Chemical Dependency Requirement. – ~~On and after January 1, 1985,~~  
 35 ~~every~~Every health maintenance organization that writes a health care plan on a group  
 36 basis and that is subject to this Article shall ~~offer~~provide benefits for the necessary care  
 37 and treatment of chemical dependency that are not less favorable than benefits under the  
 38 health care plan generally. ~~Except as provided in subsection (c) of this section, benefits~~  
 39 Benefits for chemical dependency shall be subject to the same ~~durational limits, dollar~~  
 40 ~~limits, deductibles, and coinsurance factors~~limits as are benefits under the health care  
 41 plan generally. For purposes of this subsection, 'limits' includes durational limits,  
 42 deductibles, coinsurance factors, co-payments, maximum out-of-pocket limits, annual  
 43 and lifetime dollar limits, and any other dollar limits or fees for covered services.

1       **(b1) Weighted Average.** – If a group health plan contains annual limits, lifetime  
2 limits, co-payments, deductibles, or coinsurance only on selected physical illness and  
3 injury benefits, and these benefits do not represent substantially all of the physical  
4 illness and injury benefits under the plan, then the health maintenance organization may  
5 impose limits on the chemical dependency treatment benefits based on a weighted  
6 average of the respective annual, lifetime, co-payment, deductible, or coinsurance limits  
7 on the selected physical illness and injury benefits. The weighted average shall be  
8 calculated in accordance with rules adopted by the Commissioner.

9       **(b2) Case Management.** – A health maintenance organization may use a case  
10 management program for chemical dependency treatment benefits to evaluate and  
11 determine medically necessary and medically appropriate care and treatment for each  
12 patient, provided that the program complies with rules adopted by the Commissioner.  
13 These rules shall only ensure that case management programs are not designed to avoid  
14 the requirements of this section concerning equity between the benefits for chemical  
15 dependency treatment and those for physical illness generally.

16       **(b3) Medical Necessity.** – Nothing in this section prohibits a health maintenance  
17 organization from managing the provision of benefits through common methods,  
18 including, but not limited to, preadmission screening, prior authorization of services, or  
19 other mechanisms designed to limit coverage to services for chemical dependency  
20 treatment only to those that are deemed medically necessary.

21       ~~(c) Every group health care plan that provides benefits for chemical dependency~~  
22 ~~treatment and that provides total annual benefits for all illnesses in excess of eight~~  
23 ~~thousand dollars (\$8,000) is subject to the following conditions:~~

24           ~~(1) The plan shall provide, for each 12-month period, a minimum benefit~~  
25 ~~of eight thousand dollars (\$8,000) for the necessary care and treatment~~  
26 ~~of chemical dependency.~~

27           ~~(2) The plan shall provide a lifetime minimum benefit of sixteen thousand~~  
28 ~~dollars (\$16,000) for the necessary care and treatment of chemical~~  
29 ~~dependency for each enrollee.~~

30       **(d) Provisions for benefits for necessary care and treatment of chemical**  
31 **dependency in group health care plans shall provide for benefit payments for the**  
32 **following providers of necessary care and treatment of chemical dependency:**

33           **(1) The following units of a general hospital licensed under Article 5 of**  
34 **General Statutes Chapter 131E:Chapter 131E of the General Statutes:**

35           a. ~~Chemical dependency units in facilities licensed after October~~  
36 ~~1, 1984; licensed facilities;~~

37           b. Medical units;

38           c. Psychiatric units; and

39           **(2) The following facilities or programs licensed after July 1, 1984, under**  
40 **Article 2 of General Statutes Chapter 122C:under Article 2 of Chapter**  
41 **122C of the General Statutes:**

42           a. Chemical dependency units in psychiatric hospitals;

43           b. Chemical dependency hospitals;

44           c. Residential chemical dependency treatment facilities;

- 1 d. Social setting detoxification facilities or programs;  
2 e. Medical detoxification facilities or programs; and  
3 (3) Duly licensed physicians and duly licensed practicing psychologists  
4 and certified professionals working under the direct supervision of  
5 such physicians or psychologists in facilities described in (1) and (2)  
6 above and in day/night programs or outpatient treatment facilities  
7 licensed after July 1, 1984, under Article 2 of General Statutes Chapter  
8 ~~122C~~ under Article 2 of Chapter 122C of the General Statutes.  
9 (4) Duly licensed clinical social workers, duly certified substance abuse  
10 professionals, and licensed professional counselors working within the  
11 scope of practice in facilities described in subdivisions (1) and (2) of  
12 this subsection and in day/night programs or outpatient treatment  
13 facilities licensed under Article 2 of Chapter 122C of the General  
14 Statutes.

15 Provided, however, that nothing in this subsection shall prohibit any plan from requiring  
16 the most cost effective treatment setting to be utilized by the person undergoing  
17 necessary care and treatment for chemical dependency.

18 (e) ~~Coverage for chemical dependency treatment as described in this section shall~~  
19 ~~not be applicable to any group that rejects the coverage in writing.~~

20 (f) Notwithstanding any other provision of this section or Article, any health  
21 maintenance organization subject to this Article that becomes a qualified health  
22 maintenance organization under Title XIII of the United States Public Health Service  
23 Act shall provide the benefits required under that federal Act, which shall be deemed to  
24 constitute compliance with the provisions of this section; and any health maintenance  
25 organization may provide that the benefits provided under this section must be obtained  
26 through providers affiliated with the health maintenance organization."

27 **SECTION 7.** G.S. 58-67-75 reads as rewritten:

28 "**§ 58-67-75. No discrimination against ~~the~~ mentally ill and chemically**  
29 **dependent dependent individuals.**

30 (a) Definitions. – As used in this section, the term:

- 31 (1) 'Mental illness' has the same meaning as defined in ~~G.S. 122C-3(21);~~  
32 ~~and~~ G.S. 122C-3(21), with a mental disorder defined in the Diagnostic  
33 and Statistical Manual of Mental Disorders, DSM-IV, or a subsequent  
34 edition published by the American Psychiatric Association, except  
35 those mental disorders coded in the DSM-IV or subsequent edition as  
36 substance-related disorders (291.0 through 292.9 and 303.0 through  
37 305.9) and those coded as 'V' codes.  
38 (2) 'Chemical dependency' has the same meaning as defined in  
39 ~~G.S. 58-67-70~~ G.S. 58-67-70, with a mental disorder defined in the  
40 Diagnostic and Statistical Manual of Disorders, DSM-IV, or  
41 subsequent editions of this manual.

42 ~~with a diagnosis found in the Diagnostic and Statistical Manual of Mental Disorders~~  
43 ~~DSM-3-R or the International Classification of Diseases ICD/9/CM, or a later edition of~~  
44 ~~those manuals.~~

1 (b) Coverage of Physical Illness. – No health maintenance organization governed  
2 by this Chapter shall, solely because an individual has or had a mental illness or  
3 chemical dependency:

- 4 (1) Refuse to enroll that individual in any health care plan covering  
5 physical illness or injury;
- 6 (2) Have a higher premium rate or charge for physical illness or injury  
7 coverages or benefits for that individual; or
- 8 (3) Reduce physical illness or injury coverages or benefits for that  
9 individual.

10 ~~(b1) Coverage of Mental Illness.—A health care plan that covers both physical  
11 illness or injury and mental illness may not impose a lesser lifetime or annual dollar  
12 limitation on the mental health benefits than on the physical illness or injury benefits,  
13 subject to the following:~~

- 14 ~~(1) A lifetime limit or annual limit may be made applicable to all benefits  
15 under the plan, without distinguishing the mental health benefits.~~
- 16 ~~(2) If the plan contains lifetime limits only on selected physical illness and  
17 injury benefits, and these benefits do not represent substantially all of  
18 the physical illness and injury benefits under the plan, the HMO may  
19 impose a lifetime limit on the mental health benefits that is based on a  
20 weighted average of the respective lifetime limits on the selected  
21 physical illness and injury benefits. The weighted average shall be  
22 calculated in accordance with rules adopted by the Commissioner.~~
- 23 ~~(3) If the plan contains annual limits only on selected physical illness and  
24 injury benefits, and these benefits do not represent substantially all of  
25 the physical illness and injury benefits under the plan, the HMO may  
26 impose an annual limit on the mental health benefits that is based on a  
27 weighted average of the respective annual limits on the selected  
28 physical illness and injury benefits. The weighted average shall be  
29 calculated in accordance with rules adopted by the Commissioner.~~
- 30 ~~(4) Except as otherwise provided in this section, the plan may distinguish  
31 between mental illness benefits and physical injury or illness benefits  
32 with respect to other terms of the plan, including coinsurance, limits on  
33 provider visits or days of coverage, and requirements relating to  
34 medical necessity.~~
- 35 ~~(5) If the HMO offers two or more benefit package options under a plan,  
36 each package must comply with this subsection.~~
- 37 ~~(6) This subsection does not apply to a health benefit plan if the HMO can  
38 demonstrate to the Commissioner that compliance will increase the  
39 cost of the plan by one percent (1%) or more.~~
- 40 ~~(7) This subsection expires October 1, 2001, but the expiration does not  
41 affect services rendered before that date.~~

42 ~~(c) Mental Illness or Chemical Dependency Coverage Not Required.—Nothing  
43 in this section requires an HMO to offer coverage for mental illness or chemical  
44 dependency, except as provided in G.S. 58-67-70.~~

1       (d) ~~Applicability. Subsection (b1) of this section applies only to group~~  
2 ~~contracts, other than excepted benefits as defined in G.S. 58-68-25, covering more than~~  
3 ~~50 employees. The remainder of this section applies only to group contracts covering 20~~  
4 ~~or more employees."~~

5           **SECTION 8.** G.S. 58-50-155 reads as rewritten:

6       "**§ 58-50-155. Standard and basic health care plan coverages.**

7       (a) Notwithstanding G.S. 58-50-125(c), the standard health plan developed and  
8 approved under G.S. 58-50-125 shall provide coverage for all of the following:

9           (1) Mammograms and pap smears at least equal to the coverage required  
10 by G.S. 58-51-57.

11           (2) Prostate-specific antigen (PSA) tests or equivalent tests for the  
12 presence of prostate cancer at least equal to the coverage required by  
13 G.S. 58-51-58.

14           (3) Reconstructive breast surgery resulting from a mastectomy at least  
15 equal to the coverage required by G.S. 58-51-62.

16           (4) For a qualified individual, scientifically proven bone mass  
17 measurement for the diagnosis and evaluation of osteoporosis or low  
18 bone mass at least equal to the coverage required by G.S. 58-3-174.

19           (5) Prescribed contraceptive drugs or devices that prevent pregnancy and  
20 that are approved by the United States Food and Drug Administration  
21 for use as contraceptives, or outpatient contraceptive services at least  
22 equal to the coverage required by G.S. 58-3-178, if the plan covers  
23 prescription drugs or devices, or outpatient services, as applicable. The  
24 same exceptions and exclusions as are provided under G.S. 58-3-178  
25 apply to standard plans developed and approved under G.S. 58-50-125.

26           (6) Colorectal cancer examinations and laboratory tests at least equal to  
27 the coverage required by G.S. 58-3-179.

28           (7) Treatment of chemical dependency and mental illness that is at least  
29 equal to the coverage required by G.S. 58-51-50 and G.S. 58-3-220,  
30 respectively. The Plan may use a case management program in  
31 accordance with G.S. 58-51-50 and G.S. 58-3-220, respectively.

32       (a1), (a2) Repealed by Session Laws 1999-197, s. 2.

33       (b) Notwithstanding G.S. 58-50-125(c), in developing and approving the plans  
34 under G.S. 58-50-125, the Committee and Commissioner shall give due consideration to  
35 cost-effective and life-saving health care services and to cost-effective health care  
36 providers."

37           **SECTION 9.** This act becomes effective January 1, 2008, and applies to  
38 health benefit plans that are delivered, issued for delivery, or renewed on and after that  
39 date. For purposes of this act, renewal of a health benefit policy, contract, or plan is  
40 presumed to occur on each anniversary of the date on which coverage was first effective  
41 on the person or persons covered by the health benefit plan.