

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

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SENATE BILL 400*

Short Title: Mental Health Parity.

(Public)

Sponsors: Senators Winner; Carpenter, Conder, Dannelly, Forrester, Gulley, Kinnaird, Ledbetter, Martin of Guilford, Phillips, and Rucho.

Referred to: Pensions & Retirement and Insurance.

March 17, 1997

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 adding the following 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."

Section 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

1 necessary care and treatment of chemical dependency that are not less favorable than
2 benefits for physical illness generally. ~~Except as provided in subsection (e) of this section,~~
3 ~~benefits—Benefits~~ for treatment of chemical dependency shall be subject to the same
4 durational limits, dollar limits, deductibles, and coinsurance factors as are benefits for
5 physical illness generally.

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

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

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

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

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

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

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

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

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

37 Provided, however, that nothing in this subsection shall prohibit any policy or contract of
38 insurance 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 policy holder or group contract holder who rejects the~~
42 ~~coverage in writing."~~

43 Section 3. G.S. 58-51-55 reads as rewritten:

1 **"§ 58-51-55. No discrimination against the mentally ill and chemically dependent.**

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

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

4 and

5 (2) 'Chemical dependency' has the same meaning as defined in G.S. 58-51-

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

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

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

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

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

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

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

27 (e) Every insurer that writes a policy or contract of group or blanket health
28 insurance or group or blanket accident and health insurance that is issued, renewed, or
29 amended on or after January 1, 1998, shall provide to its insureds benefits for the
30 necessary care and treatment of mental illness that are not less favorable than benefits for
31 physical illness generally. Benefits for treatment of mental illness shall be subject to the
32 same durational limits, dollar limits, deductibles, and coinsurance factors as are benefits
33 for physical illness generally."

34 Section 4. G.S. 58-65-75 reads as rewritten:

35 **"§ 58-65-75. Coverage for chemical dependency treatment.**

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

40 (b) Every group insurance certificate or group subscriber contract under any
41 hospital or medical plan governed by this Article and Article 66 of this Chapter that is
42 issued, renewed, or amended on or after January 1, 1985, shall ~~offer~~ provide to its
43 insureds benefits for the necessary care and treatment of chemical dependency that are

1 not less favorable than benefits for physical illness generally. ~~Except as provided in~~
2 ~~subsection (e) of this section, benefits~~ Benefits for chemical dependency shall be subject to
3 the same durational limits, dollar limits, deductibles, and coinsurance factors as are
4 benefits for physical illness generally.

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

- 9 (1) ~~The certificate or contract shall provide, for each 12-month period, a~~
10 ~~minimum benefit of eight thousand dollars (\$8,000) for the necessary~~
11 ~~care and treatment of chemical dependency.~~
12 (2) ~~The certificate or contract shall provide a minimum benefit of sixteen~~
13 ~~thousand dollars (\$16,000) for the necessary care and treatment of~~
14 ~~chemical dependency for the life of the certificate or contract.~~

15 (d) Provisions for benefits for necessary care and treatment of chemical
16 dependency in group certificates or group contracts shall provide for benefit payments for
17 the following providers of necessary care and treatment of chemical 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 facilities or programs; and
31 (3) Duly licensed physicians and duly licensed psychologists and certified
32 professionals working under the direct supervision of such physicians or
33 psychologists in facilities described in (1) and (2) above and in
34 day/night programs or outpatient treatment facilities licensed after July
35 1, 1984, under Article 2 of General Statutes Chapter 122C. After
36 January 1, 1995, 'duly licensed psychologists' shall be defined as
37 licensed psychologists who hold permanent licensure and certification
38 as health services provider psychologist issued by the North Carolina
39 Psychology Board.

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

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

4 Section 5. G.S. 58-65-90 reads as rewritten:

5 **"§ 58-65-90. No discrimination against the mentally ill and chemically dependent.**

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

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

9 (2) 'Chemical dependency' has the same meaning as defined in G.S. 58-65-
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11 with a diagnosis found in the Diagnostic and Statistical Manual of Mental Disorders
12 ~~DSM-3-R~~ DSM-IV or the International Classification of Diseases ICD/9/CM, or a later
13 edition of those manuals.

14 (b) ~~No hospital, medical, dental or health service corporation governed by this~~
15 ~~Chapter shall, solely because an individual to be insured has or had a mental illness or~~
16 ~~chemical dependency:~~

17 (1) Refuse to issue or deliver to that individual any individual or group
18 hospital, dental, medical or health service contract in this State that
19 affords benefits or coverage for medical treatment or service for
20 physical illness or injury;

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

23 (3) Reduce physical illness or injury coverages or benefits for that
24 individual.

25 (e) ~~Nothing in this section prevents any hospital or medical plan from excluding~~
26 ~~from coverage any physical illness or injury or mental illness or chemical dependency~~
27 ~~which has existed previous to coverage of the individual by the hospital or medical plan~~
28 ~~or from refusing to issue or deliver to that individual any policy because of the~~
29 ~~underwriting of any physical condition whether or not related to mental illness or~~
30 ~~chemical dependency.~~

31 (d) ~~This section applies only to group contracts covering 20 or more~~
32 ~~employees.~~

33 (e) Every insurer that writes a policy or contract of group or blanket health
34 insurance or group or blanket accident and health insurance that is issued, renewed, or
35 amended on or after January 1, 1998, shall provide to its insureds benefits for the
36 necessary care and treatment of mental illness that are not less favorable than benefits for
37 physical illness generally. Benefits for treatment of mental illness shall be subject to the
38 same durational limits, dollar limits, deductibles, and coinsurance factors as are benefits
39 for physical illness generally."

40 Section 6. G.S. 58-67-70 reads as rewritten:

41 **"§ 58-67-70. Coverage for chemical dependency treatment.**

42 (a) As used in this section, the term 'chemical dependency' means the pathological
43 use or abuse of alcohol or other drugs in a manner or to a degree that produces an

1 impairment in personal, social or occupational functioning and which may, but need not,
2 include a pattern of tolerance and withdrawal.

3 (b) On and after January 1, 1985, every health maintenance organization that
4 writes a health care plan on a group basis and that is subject to this Article shall ~~offer~~
5 provide benefits for the necessary care and treatment of chemical dependency that are not
6 less favorable than benefits under the health care plan generally. ~~Except as provided in~~
7 ~~subsection (c) of this section, benefits~~ Benefits for chemical dependency shall be subject to
8 the same durational limits, dollar limits, deductibles, and coinsurance factors as are
9 benefits under the health care plan generally.

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

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

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

19 (d) Provisions for benefits for necessary care and treatment of chemical
20 dependency in group health care plans shall provide for benefit payments for the
21 following providers of necessary care and treatment of chemical dependency:

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

24 a. Chemical dependency units in facilities licensed after October 1,
25 1984;

26 b. Medical units;

27 c. Psychiatric units; and

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

30 a. Chemical dependency units in psychiatric hospitals;

31 b. Chemical dependency hospitals;

32 c. Residential chemical dependency treatment facilities;

33 d. Social setting detoxification facilities or programs;

34 e. Medical detoxification facilities or programs; and

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

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

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

3 (f) Notwithstanding any other provision of this section or Article, any health
4 maintenance organization subject to this Article that becomes a qualified health
5 maintenance organization under Title XIII of the United States Public Health Service Act
6 shall provide the benefits required under that federal Act, which shall be deemed to
7 constitute compliance with the provisions of this section; and any health maintenance
8 organization may provide that the benefits provided under this section must be obtained
9 through providers affiliated with the health maintenance organization."

10 Section 7. G.S. 58-67-75 reads as rewritten:

11 **"§ 58-67-75. No discrimination against the mentally ill and chemically dependent.**

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

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

14 and

15 (2) 'Chemical dependency' has the same meaning as defined in G.S. 58-67-

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

20 (b) No health maintenance organization governed by this Chapter shall, solely
21 because an individual has or had a mental illness or chemical dependency:

22 (1) Refuse to enroll that individual in any health care plan covering physical
23 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 ~~(e) Nothing in this section prevents any health maintenance organization from~~
29 ~~excluding from coverage any physical illness or injury or mental illness or chemical~~
30 ~~dependency which has existed previous to coverage of the individual by the health~~
31 ~~maintenance organization or from refusing to issue or deliver to that individual any~~
32 ~~policy because of the underwriting of any physical condition whether or not related to~~
33 ~~mental illness or chemical dependency.~~

34 ~~(d) This section applies only to group contracts covering 20 or more employees.~~

35 (e) Every insurer that writes a policy or contract of group or blanket health
36 insurance or group or blanket accident and health insurance that is issued, renewed, or
37 amended on or after January 1, 1998, shall provide to its insureds benefits for the
38 necessary care and treatment of mental illness that are not less favorable than benefits for
39 physical illness generally. Benefits for treatment of mental illness shall be subject to the
40 same durational limits, dollar limits, deductibles, and coinsurance factors as are benefits
41 for physical illness generally."

42 Section 8. G.S. 135-40.7A reads as rewritten:

43 **"§ 135-40.7A. Special provisions for chemical dependency.**

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

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

7 Fiscal Year \$ 8,000

8 Lifetime 25,000

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

12 (c) Notwithstanding any other provision of this Part, provisions for benefits for
13 necessary care and treatment of chemical dependency under this Part shall provide for
14 benefit payments for the following providers of necessary care and treatment of chemical
15 dependency:

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

- 18 a. Chemical dependency units in facilities licensed after October 1,
19 1984;
20 b. Medical units;
21 c. Psychiatric units; and

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

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

29 (3) Duly licensed physicians and duly licensed practicing psychologists,
30 certified clinical social workers, licensed professional counselors,
31 certified fee-based practicing pastoral counselors, certified clinical
32 specialists in psychiatric and mental health nursing, and certified
33 professionals working under the direct supervision of such physicians or
34 psychologists in facilities described in (1) and (2) above and in
35 day/night programs or outpatient treatment facilities licensed after July
36 1, 1984, under Article 2 of General Statutes Chapter 122C.

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

40 Section 9. G.S. 135-40.7B reads as rewritten:

41 "**§ 135-40.7B. Special provisions for mental health benefits.**

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

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

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

12 (1) Licensed psychiatrists;

13 (2) Licensed or certified doctors of psychology;

14 (3) Certified clinical social workers;

15 (3a) Licensed professional counselors;

16 (4) Psychiatric nurses; ~~nurse specialists;~~

17 ~~(5) Other social workers under the direct employment and supervision of a~~
18 ~~licensed psychiatrist or licensed doctor of psychology;~~

19 (6) Psychological associates with a master's degree in psychology under the
20 direct employment and supervision of a licensed psychiatrist or licensed
21 or certified doctor of psychology;

22 (7) Licensed psychiatric hospitals and licensed general hospitals providing
23 psychiatric treatment programs;

24 (8) Certified residential treatment facilities, community mental health
25 centers, and partial hospitalization facilities; and

26 (9) Certified fee-based practicing pastoral counselors.

27 (d) Benefits provided under this section shall be subject to a managed,
28 individualized care component consisting of (i) inpatient utilization review through
29 preadmission and length-of-stay certification for scheduled inpatient admissions and
30 length-of-stay reviews for unscheduled inpatient admissions, and (ii) a network of
31 qualified, available providers of inpatient and outpatient psychiatric treatment
32 psychotherapy. Where qualified preferred providers of inpatient and outpatient care are
33 reasonably available, use of providers outside of the preferred network shall be subject to
34 a twenty percent (20%) coinsurance rate up to five thousand dollars (\$5,000) per fiscal
35 year to be assessed against each covered individual in addition to the general coinsurance
36 percentage and maximum fiscal year amount specified by G.S. 135-40.4 and G.S. 135-
37 40.6."

38 Section 10. This act is effective when it becomes law and applies to contracts
39 issued, delivered, or renewed on or after January 1, 1998.