

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

S

2

SENATE BILL 400\*

Pensions & Retirement and Insurance Committee Substitute Adopted 4/28/97

Short Title: Mental Health Parity.

(Public)

Sponsors:

Referred to:

March 17, 1997

A BILL TO BE ENTITLED

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

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 mental illness that is at least equal to the coverage required by G.S. 58-51-55. The plan may use a case management program in accordance with G.S. 58-51-55.

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

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

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

- (1) 'Mental illness' has the same meaning as defined in G.S. 122C-3(21); and
- (2) 'Chemical dependency' has the same meaning as defined in G.S. 58-51-50

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

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

7 (1) Refuse to issue or deliver to that individual any policy that affords  
8 benefits or coverages for any medical treatment or service for physical  
9 illness or injury;

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

12 (3) Reduce physical illness or injury coverages or benefits for that  
13 individual.

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

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

21 (d) Every insurer that writes a policy or contract of group or blanket health  
22 insurance or group or blanket accident and health insurance shall provide to its insureds  
23 benefits for the necessary care and treatment of mental illness that are not less favorable  
24 than benefits for physical illness generally. Benefits for treatment of mental illness shall  
25 be subject to the same limits as are benefits for physical illness generally. For purposes  
26 of this subdivision, 'limits' includes durational limits, deductibles, coinsurance factors,  
27 copayments, maximum out-of-pocket limits, annual and lifetime dollar limits, and any  
28 other dollar limits or fees for covered services.

29 (e) An insurer may use a case management program for mental illness benefits to  
30 evaluate and determine medically necessary and medically appropriate care and treatment  
31 for each patient, provided that the program complies with rules adopted by the  
32 Commissioner of Insurance. These rules shall ensure that case management programs  
33 are not designed to avoid the requirements of this section concerning parity between the  
34 benefits for mental illness and those for physical illness generally.

35 (f) This section applies only to group health insurance contracts covering five or more  
36 employees."

37 Section 3. G.S. 58-65-90 reads as rewritten:

38 **"§ 58-65-90. No discrimination against the mentally ill and chemically dependent.**

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

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

42 (2) 'Chemical dependency' has the same meaning as defined in G.S. 58-65-  
43 75

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

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

7 (1) Refuse to issue or deliver to that individual any individual or group  
8 hospital, dental, medical or health service contract in this State that  
9 affords benefits or coverage for medical treatment or service for  
10 physical illness or injury;

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

13 (3) Reduce physical illness or injury coverages or benefits for that  
14 individual.

15 (c) Nothing in this section prevents any hospital or medical plan from excluding  
16 from coverage any physical illness or injury ~~or mental illness~~ or chemical dependency  
17 which has existed previous to coverage of the individual by the hospital or medical plan  
18 or from refusing to issue or deliver to that individual any policy because of the  
19 underwriting of any physical condition whether or not related to ~~mental illness or chemical~~  
20 dependency.

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

23 (d) Every group insurance certificate or group subscriber contract under a hospital  
24 or medical plan subject to this Article shall provide to its insureds benefits for the  
25 necessary care and treatment of mental illness that are not less favorable than benefits for  
26 physical illness generally. Benefits for treatment of mental illness shall be subject to the  
27 same limits as are benefits for physical illness generally. For purposes of this subsection,  
28 'limits' includes durational limits, deductibles, coinsurance factors, copayments,  
29 maximum out-of-pocket limits, annual and lifetime dollar limits, and any other dollar  
30 limits or fees for covered services.

31 (e) The service corporation may use a case management program for mental  
32 illness benefits to evaluate and determine medically necessary and medically appropriate  
33 care and treatment for each patient, provided that the program complies with rules  
34 adopted by the Commissioner of Insurance. These rules shall ensure that case  
35 management programs are not designed to avoid the requirements of this section  
36 concerning parity between the benefits for mental illness and those for physical illness  
37 generally.

38 (f) This section applies only to group contracts covering five or more employees."

39 Section 4. G.S. 58-67-75 reads as rewritten:

40 "**§ 58-67-75. No discrimination against the mentally ill and chemically dependent.**

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

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

1           (2) 'Chemical dependency' has the same meaning as defined in G.S. 58-67-  
2           70  
3 with a diagnosis found in the Diagnostic and Statistical Manual of Mental Disorders  
4 ~~DSM-3-R~~ DSM-IV or the International Classification of Diseases ICD/9/CM, or a later  
5 edition of those manuals.

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

8           (1) Refuse to enroll that individual in any health care plan covering physical  
9 illness or injury;

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

12           (3) Reduce physical illness or injury coverages or benefits for that  
13 individual.

14           (c) Nothing in this section prevents any health maintenance organization from  
15 excluding from coverage any physical illness or injury ~~or mental illness~~ or chemical  
16 dependency which has existed previous to coverage of the individual by the health  
17 maintenance organization or from refusing to issue or deliver to that individual any  
18 policy because of the underwriting of any physical condition whether or not related to  
19 ~~mental illness or chemical dependency~~.

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

21           (d) Every health maintenance organization that issues a health care plan on a group  
22 basis for medical and hospitalization care shall provide to its insureds benefits for the  
23 necessary care and treatment of mental illness that are not less favorable than benefits for  
24 physical illness generally. Benefits for treatment of mental illness shall be subject to the  
25 same limits as are benefits for physical illness generally. For purposes of this subsection,  
26 'limits' includes durational limits, deductibles, coinsurance factors, copayments,  
27 maximum out-of-pocket limits, annual and lifetime dollar limits, and any other dollar  
28 limits or fees for covered services.

29           (e) A health maintenance organization may use a case management program for  
30 mental illness benefits to evaluate and determine medically necessary and medically  
31 appropriate care and treatment for each patient, provided that the program complies with  
32 rules adopted by the Commissioner of Insurance. These rules shall ensure that case  
33 management programs are not designed to avoid the requirements of this section  
34 concerning parity between the benefits for mental illness and those for physical illness  
35 generally.

36           (f) This section applies only to group contracts covering five or more employees."

37           Section 5. This act is effective when it becomes law and applies to contracts  
38 issued, delivered, or renewed on or after January 1, 1998. This act expires October 1,  
39 2001.