

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

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HOUSE BILL 808*

Short Title: Mental Health/Chemical Dep. Parity.

(Public)

Sponsors: Representatives Alexander, Baddour, Hackney, Wainwright; Adams, Barefoot, Bell, Blue, Boyd-McIntyre, Buchanan, Church, Cole, Cox, Crawford, Cunningham, Davis, Earle, Easterling, Fitch, Fox, Goodwin, Haire, Hall, Hill, Holliman, Insko, Jarrell, Jeffus, Lucas, Luebke, McAllister, Michaux, Nesbitt, Oldham, Russell, Saunders, Tolson, Warner, Weiss, G. Wilson, Womble, and Yongue.

Referred to: Rules, Calendar, and Operations of the House.

March 26, 2001

A BILL TO BE ENTITLED

AN ACT TO REQUIRE PARITY 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,

1 coinsurance factors, co-payments, maximum out-of-pocket limits, annual and lifetime
2 dollar limits, and any other dollar limits or fees for covered services.

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

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

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

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

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

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

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

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

38 a. Chemical dependency units in licensed facilities; ~~facilities~~
39 ~~licensed after October 1, 1984;~~

40 b. Medical units;

41 c. Psychiatric units; and

42 (2) The following facilities or programs licensed ~~after July 1, 1984, under~~
43 ~~Article 2 of General Statutes Chapter 122C:~~ under Article 2 of Chapter
44 122C of the General Statutes:

- 1 a. Chemical dependency units in psychiatric hospitals;
- 2 b. Chemical dependency hospitals;
- 3 c. Residential chemical dependency treatment facilities;
- 4 d. Social setting detoxification facilities or programs;
- 5 e. Medical detoxification or programs; and
- 6 (3) Duly licensed physicians and duly licensed practicing psychologists
- 7 and certified professionals working under the direct supervision of
- 8 such physicians or psychologists in facilities described in (1) and (2)
- 9 above and in day/night programs or outpatient treatment facilities
- 10 licensed ~~after July 1, 1984, under Article 2 of General Statutes Chapter~~
- 11 ~~122C~~ under Article 2 of Chapter 122C of the General Statutes.

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

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

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

19 "**§ 58-51-55. No discrimination against ~~the~~ mentally ill and chemically**
20 **dependent, dependent individuals.**

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

22 (1) 'Mental illness' has the same meaning as defined in ~~G.S. 122C-3(21);~~
23 ~~and~~ G.S. 122C-3(21), with a mental disorder defined in the Diagnostic
24 and Statistical Manual of Mental Disorders, DSM-IV, or a subsequent
25 edition published by the American Psychiatric Association, except
26 those mental disorders coded in the DSM-IV or subsequent edition as
27 substance-related disorders (291.0 through 292.9 and 303.0 through
28 305.9) and those coded as 'V' codes.

29 (2) 'Chemical dependency' has the same meaning as defined in G.S. ~~58-~~
30 ~~51-50~~ 58-51-50, with a mental disorder defined in the Diagnostic and
31 Statistical Manual of Mental Disorders, DSM-IV, or subsequent
32 editions of this manual.

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

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

- 39 (1) Refuse to issue or deliver to that individual any policy that affords
- 40 benefits or coverages for any medical treatment or service for physical
- 41 illness or injury;
- 42 (2) Have a higher premium rate or charge for physical illness or injury
- 43 coverages or benefits for that individual; or

1 (3) Reduce physical illness or injury coverages or benefits for that
2 individual.

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

7 (1) ~~A lifetime limit or annual limit may be made applicable to all benefits~~
8 ~~under the policy, without distinguishing the mental health benefits.~~

9 (2) ~~If the policy contains lifetime limits only on selected physical illness~~
10 ~~and injury benefits, and these benefits do not represent substantially all~~
11 ~~of the physical illness and injury benefits under the policy, the insurer~~
12 ~~may impose a lifetime limit on the mental health benefits that is based~~
13 ~~on a weighted average of the respective lifetime limits on the selected~~
14 ~~physical illness and injury benefits. The weighted average shall be~~
15 ~~calculated in accordance with rules adopted by the Commissioner.~~

16 (3) ~~If the policy contains annual limits only on selected physical illness~~
17 ~~and injury benefits, and these benefits do not represent substantially all~~
18 ~~of the physical illness and injury benefits under the policy, the insurer~~
19 ~~may impose an annual limit on the mental health benefits that is based~~
20 ~~on a weighted average of the respective annual 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 (4) ~~Except as otherwise provided in this section, the policy may~~
24 ~~distinguish between mental illness benefits and physical injury or~~
25 ~~illness benefits with respect to other terms of the policy, including~~
26 ~~coinsurance, limits on provider visits or days of coverage, and~~
27 ~~requirements relating to medical necessity.~~

28 (5) ~~If the insurer offers two or more benefit package options under a~~
29 ~~policy, each package must comply with this subsection.~~

30 (6) ~~This subsection does not apply to a policy if the insurer can~~
31 ~~demonstrate to the Commissioner that compliance will increase the~~
32 ~~cost of the policy by one percent (1%) or more.~~

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

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

38 (d) ~~Applicability. — Subsection (b1) of this section applies only to group health~~
39 ~~insurance contracts, other than excepted benefits as defined in G.S. 58-68-25, covering~~
40 ~~more than 50 employees. The remainder of this section applies only to group health~~
41 ~~insurance contracts covering 20 or more employees. For purposes of this section, "group~~
42 ~~health insurance contracts" include MEWAs, as defined in G.S. 58-49-30(a)."~~

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

1 **"§ 58-3-220. Mental illness benefits coverage.**

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

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

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

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

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

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

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

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

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

39 **"§ 58-65-75. Coverage for chemical dependency treatment.**

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

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

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

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

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

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

- 37 (1) ~~The certificate or contract shall provide, for each 12-month period, a~~
38 ~~minimum benefit of eight thousand dollars (\$8,000) for the necessary~~
39 ~~care and treatment of chemical dependency.~~
- 40 (2) ~~The certificate or contract shall provide a minimum benefit of sixteen~~
41 ~~thousand dollars (\$16,000) for the necessary care and treatment of~~
42 ~~chemical dependency for the life of the certificate or contract.~~

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

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

- 6 a. Chemical dependency units in ~~facilities licensed after October~~
7 ~~1, 1984~~:licensed facilities;
8 b. Medical units;
9 c. Psychiatric units; and

10 (2) The following facilities or programs licensed ~~after July 1, 1984, under~~
11 ~~Article 2 of General Statutes Chapter 122C~~:under Article 2 of Chapter
12 122C of the General Statutes:

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

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

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

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

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

35 "**§ 58-65-90. No discrimination against ~~the~~ mentally ill and chemically**
36 **~~dependent~~dependent individuals.**

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

38 (1) 'Mental illness' has the same meaning as defined in ~~G.S. 122C-3(21)~~;
39 ~~and~~G.S. 122C-3(21), with a mental disorder defined in the Diagnostic
40 and Statistical Manual of Mental Disorders, DSM-IV, or a subsequent
41 edition published by the American Psychiatric Association, except
42 those mental disorders coded in the DSM-IV or subsequent edition as
43 substance-related disorders (291.0 through 292.9 and 303.0 through
44 305.9) and those coded as 'V' codes.

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

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

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

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

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

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

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

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

25 ~~(2) If the subscriber contract contains lifetime limits only on selected~~
26 ~~physical illness or injury benefits, and these benefits do not represent~~
27 ~~substantially all of the physical illness and injury benefits under the~~
28 ~~subscriber contract, the service corporation may impose a lifetime~~
29 ~~limit on the mental health benefits that is based on a weighted average~~
30 ~~of the respective lifetime limits on the selected physical illness and~~
31 ~~injury benefits. The weighted average shall be calculated in~~
32 ~~accordance with rules adopted by the Commissioner.~~

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

41 ~~(4) Except as otherwise provided in this section, the subscriber contract~~
42 ~~may distinguish between mental illness benefits and physical injury or~~
43 ~~illness benefits with respect to other terms of the subscriber contract,~~

1 including coinsurance, limits on provider visits or days of coverage,
2 and requirements relating to medical necessity.

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

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

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

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

15 (d) ~~Applicability.~~— Subsection (b1) of this section applies only to subscriber
16 ~~contracts, other than excepted benefits as defined in G.S. 58-68-25, covering more than~~
17 ~~50 employees. The remainder of this section applies only to group contracts covering 20~~
18 ~~or more employees."~~

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

20 "**§ 58-67-70. Coverage for chemical dependency treatment.**

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

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

35 (b1) Weighted Average. – If a group health plan contains annual limits, lifetime
36 limits, co-payments, deductibles, or coinsurance only on selected physical illness and
37 injury benefits, and these benefits do not represent substantially all of the physical
38 illness and injury benefits under the plan, then the health maintenance organization may
39 impose limits on the chemical dependency treatment benefits based on a weighted
40 average of the respective annual, lifetime, co-payment, deductible, or coinsurance limits
41 on the selected physical illness and injury benefits. The weighted average shall be
42 calculated in accordance with rules adopted by the Commissioner.

43 (b2) Case Management. – A health maintenance organization may use a case
44 management program for chemical dependency treatment benefits to evaluate and

1 determine medically necessary and medically appropriate care and treatment for each
2 patient, provided that the program complies with rules adopted by the Commissioner.
3 These rules shall only ensure that case management programs are not designed to avoid
4 the requirements of this section concerning parity between the benefits for chemical
5 dependency treatment and those for physical illness generally.

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

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

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

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

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

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

25 a. ~~Chemical dependency units in facilities licensed after October~~
26 ~~1, 1984; licensed facilities;~~

27 b. Medical units;

28 c. Psychiatric units; and

29 (2) ~~The following facilities or programs licensed after July 1, 1984, under~~
30 ~~Article 2 of General Statutes Chapter 122C:under Article 2 of Chapter~~
31 ~~122C of the General Statutes:~~

32 a. Chemical dependency units in psychiatric hospitals;

33 b. Chemical dependency hospitals;

34 c. Residential chemical dependency treatment facilities;

35 d. Social setting detoxification facilities or programs;

36 e. Medical detoxification facilities or programs; and

37 (3) Duly licensed physicians and duly licensed practicing psychologists
38 and certified professionals working under the direct supervision of
39 such physicians or psychologists in facilities described in (1) and (2)
40 above and in day/night programs or outpatient treatment facilities
41 licensed after July 1, 1984, under Article 2 of General Statutes Chapter
42 ~~122C:under Article 2 of Chapter 122C of the General Statutes.~~

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

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

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

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

14 **"§ 58-67-75. No discrimination against ~~the~~ mentally ill and chemically
15 dependent dependent individuals.**

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

17 (1) 'Mental illness' has the same meaning as defined in ~~G.S. 122C-3(21);~~
18 and G.S. 122C-3(21), with a mental disorder defined in the Diagnostic
19 and Statistical Manual of Mental Disorders, DSM-IV, or a subsequent
20 edition published by the American Psychiatric Association, except
21 those mental disorders coded in the DSM-IV or subsequent edition as
22 substance-related disorders (291.0 through 292.9 and 303.0 through
23 305.9) and those coded as 'V' codes.

24 (2) 'Chemical dependency' has the same meaning as defined in ~~G.S. 58-~~
25 67-70 G.S. 58-67-70, with a mental disorder defined in the Diagnostic
26 and Statistical Manual of Disorders, DSM-IV, or subsequent editions
27 of this manual.

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

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

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

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

38 (3) Reduce physical illness or injury coverages or benefits for that
39 individual.

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

- 1 (1) A lifetime limit or annual limit may be made applicable to all benefits
2 under the plan, without distinguishing the mental health benefits.
- 3 (2) If the plan contains lifetime limits only on selected physical illness and
4 injury benefits, and these benefits do not represent substantially all of
5 the physical illness and injury benefits under the plan, the HMO may
6 impose a lifetime limit on the mental health benefits that is based on a
7 weighted average of the respective lifetime limits on the selected
8 physical illness and injury benefits. The weighted average shall be
9 calculated in accordance with rules adopted by the Commissioner.
- 10 (3) If the plan contains annual limits only on selected physical illness and
11 injury benefits, and these benefits do not represent substantially all of
12 the physical illness and injury benefits under the plan, the HMO may
13 impose an annual limit on the mental health benefits that is based on a
14 weighted average of the respective annual limits on the selected
15 physical illness and injury benefits. The weighted average shall be
16 calculated in accordance with rules adopted by the Commissioner.
- 17 (4) Except as otherwise provided in this section, the plan may distinguish
18 between mental illness benefits and physical injury or illness benefits
19 with respect to other terms of the plan, including coinsurance, limits on
20 provider visits or days of coverage, and requirements relating to
21 medical necessity.
- 22 (5) If the HMO offers two or more benefit package options under a plan,
23 each package must comply with this subsection.
- 24 (6) This subsection does not apply to a health benefit plan if the HMO can
25 demonstrate to the Commissioner that compliance will increase the
26 cost of the plan by one percent (1%) or more.
- 27 (7) This subsection expires October 1, 2001, but the expiration does not
28 affect services rendered before that date.
- 29 (e) Mental Illness or Chemical Dependency Coverage Not Required.—Nothing
30 in this section requires an HMO to offer coverage for mental illness or chemical
31 dependency, except as provided in G.S. 58-67-70.
- 32 (d) Applicability.—Subsection (b1) of this section applies only to group
33 contracts, other than excepted benefits as defined in G.S. 58-68-25, covering more than
34 50 employees. The remainder of this section applies only to group contracts covering 20
35 or more employees."

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

37 "**§ 58-50-155. Standard and basic health care plan coverages.**

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

- 40 (1) Mammograms and pap smears at least equal to the coverage required
41 by G.S. 58-51-57.
- 42 (2) Prostate-specific antigen (PSA) tests or equivalent tests for the
43 presence of prostate cancer at least equal to the coverage required by
44 G.S. 58-51-58.

- 1 (3) Reconstructive breast surgery resulting from a mastectomy at least
2 equal to the coverage required by G.S. 58-51-62.
- 3 (4) For a qualified individual, scientifically proven bone mass
4 measurement for the diagnosis and evaluation of osteoporosis or low
5 bone mass at least equal to the coverage required by G.S. 58-3-174.
- 6 (5) Prescribed contraceptive drugs or devices that prevent pregnancy and
7 that are approved by the United States Food and Drug Administration
8 for use as contraceptives, or outpatient contraceptive services at least
9 equal to the coverage required by G.S. 58-3-178, if the plan covers
10 prescription drugs or devices, or outpatient services, as applicable. The
11 same exceptions and exclusions as are provided under G.S. 58-3-178
12 apply to standard plans developed and approved under G.S. 58-50-125.
- 13 (6) Treatment of chemical dependency and mental illness that is at least
14 equal to the coverage required by G.S. 58-51-50 and G.S. 58-3-220,
15 respectively. The Plan may use a case management program in
16 accordance with G.S. 58-51-50 and G.S. 58-3-220, respectively.
- 17 (b) Notwithstanding G.S. 58-50-125(c), in developing and approving the plans
18 under G.S. 58-50-125, the Committee and Commissioner shall give due consideration to
19 cost-effective and life-saving health care services and to cost-effective health care
20 providers."

21 **SECTION 9.** This act becomes effective January 1, 2002, and applies to
22 health benefit plans that are delivered, issued for delivery, or renewed on and after that
23 date. For purposes of this act, renewal of a health benefit policy, contract, or plan is
24 presumed to occur on each anniversary of the date on which coverage was first effective
25 on the person or persons covered by the health benefit plan.