

ASSEMBLY HEALTH AND SENIOR SERVICES COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2512

STATE OF NEW JERSEY

DATED: JUNE 19, 2006

The Assembly Health and Senior Services Committee reports favorably Assembly Bill No. 2512.

This bill provides for expanded health insurance coverage for treatment of mental and nervous disorders and alcoholism and other substance-use disorders.

Mental Health Coverage: The bill expands the mental health coverage provisions of P.L.1999, c.106 and P.L.1999, c.441 to require that health insurers (hospital, medical and health service corporations, individual and small employer and large group commercial health insurers, and health maintenance organizations) and the State Health Benefits Program (SHBP), which provide coverage for a disorder that is included in the latest edition of the Diagnostic and Statistical Manual of Mental Disorders (currently, the DSM-IV) and that is not a biologically-based mental illness, provide coverage for that non-biologically-based disorder under the same terms and conditions as provided for any other sickness.

The mental health "parity" coverage requirement is currently limited to biologically-based mental illness, which is defined as a "mental or nervous condition that is caused by a biological disorder of the brain and results in a clinically significant or psychological syndrome or pattern that substantially limits the functioning of the person with the illness, including but not limited to, schizophrenia, schizoaffective disorder, major depressive disorder, bipolar disorder, paranoia and other psychotic disorders, obsessive-compulsive disorder, panic disorder and pervasive developmental disorder or autism."

The DSM-IV is published by the American Psychiatric Association and is the principal diagnostic reference used by mental health professionals in the United States. The DSM-IV includes a broader range of mental and nervous disorders than biologically-based mental illnesses.

The bill also clarifies the definition of "same terms and conditions," and makes it consistent with the definition of that term as provided in the sections of the bill concerning benefits for treatment of alcoholism and other substance-use disorders. The revised definition provides that an insurer cannot apply different copayments, deductibles or benefit limits, "including day or visit limits or annual or

lifetime dollar limits," to mental health benefits than the insurer applies to other medical or surgical benefits.

Coverage for Treatment of Alcoholism and Other Substance-Use Disorders: The bill requires health insurers and the SHBP to provide coverage for treatment of alcoholism and other substance-use disorders under the same terms and conditions as for other diseases or illnesses.

Specifically, the bill revises the existing statutory requirement to provide coverage for treatment of alcoholism that applies to hospital, medical and health service corporations, commercial health insurers and the SHBP (but currently not to individual and small employer health benefits plans and health maintenance organizations), to add coverage for treatment of other substance-use disorders and to specify the types of benefits that must be covered. The bill extends the requirement to provide coverage for treatment of alcoholism to those health insurers who are not already mandated by State law to provide such coverage, and includes the requirement to provide coverage for treatment of other substance-use disorders.

The bill provides that:

- Benefits are to be provided when the treatment is ordered by a physician, licensed clinical alcohol and drug counselor, or other appropriately trained, licensed health care professional based upon a diagnosis of alcoholism or other substance-use disorder as provided in the latest edition of the DSM (currently, the DSM-IV) and an assessment of the appropriate level of treatment placement that utilizes the most recent patient placement criteria adopted by the American Society of Addiction Medicine, or such other generally accepted clinical criteria as may be subsequently determined by the Commissioner of Banking and Insurance, by regulation, to be more appropriate.
- "Treatment of alcoholism and other substance-use disorders" is defined to include, but not be limited to, any of the following items or services provided for treatment of alcoholism and other substance-use disorders: inpatient or outpatient treatment, including detoxification, screening and assessment, case management, medication management, psychiatric consultations and individual, group and family counseling, and relapse prevention; non-hospital residential treatment; and prevention services, including health education and individual and group counseling to encourage the reduction of risk factors for alcoholism or other substance-use disorders.
- "Same terms and conditions" is defined to mean that the insurer cannot apply different copayments, deductibles or benefit limits, including day or visit limits or annual or lifetime dollar limits, to alcoholism and other substance-use disorders treatment services than those applied to other medical or surgical expense benefits.

- All health insurance contracts or policies are to provide the following benefits:
 - inpatient or outpatient care in a licensed health care facility;
 - treatment at a State-licensed detoxification facility;
 - participation as an inpatient at a State-licensed residential facility or as an outpatient in a State-approved outpatient treatment facility that meets minimum standards of care as set forth by the Department of Human Services; and
 - treatment provided by a physician, licensed clinical alcohol and drug counselor or other appropriately trained, licensed health care professional.
- Treatment at any facility is not to preclude further or additional treatment at any other eligible facility if the benefit days used do not exceed the total number of benefit days provided for any other disease or illness under the contract or policy.
- The provisions of the bill are not to be construed to:
 - prohibit an insurer from determining if the treatment of alcoholism and other substance-use disorders is medically necessary; however, the insurer, for this purpose, is to use the most recent patient placement criteria adopted by the American Society of Addiction Medicine, or such other generally accepted clinical criteria as may be subsequently determined by the Commissioner of Banking and Insurance, by regulation, to be more appropriate; and
 - change the manner in which the insurer determines which health care providers are entitled to reimbursement for providing treatment services under the policy or contract.

The bill takes effect on the 90th day after the date of enactment and applies to health insurance contracts and policies issued or renewed on or after that date.

This bill is identical to Senate Bill No. 807 (Vitale/Buono), which is currently pending in the Senate Budget and Appropriations Committee.

The bill is also identical to the Assembly Committee Substitute for Assembly Bill No. 333 of 2004 (Weinberg/Johnson/Previte), which the Assembly Health and Human Services Committee reported during the prior session. The committee substitute was pending in the Assembly Appropriations Committee at the conclusion of the 211th Legislature.