

NEW JERSEY
SMALL EMPLOYER HEALTH BENEFITS PROGRAM

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ADVISORY BULLETIN
98-SEH-04

May 20, 1998

To: SEH Program Member Carriers

From: Ellen F. DeRosa, Deputy Executive Director

Re: Amendments to the Mental or Nervous Conditions or Substance Abuse Provision in Plans B, C, D and E and the HMO-POS Plan

[Exhibits B through F, W, HH and II of the Appendix to N.J.A.C. 11:21]

The Small Employer Health Benefits Program Board adopted changes to the mental or nervous conditions or substance abuse provision of Plans B, C, D, and E and the HMO-POS Plan. A copy of the adoption text as filed with the Office of Administrative Law is enclosed. The effective date of the amendments to the policy forms is **September 1, 1998**.

Carriers may modify the text of the standard plans to comply with these amendments in one of the following ways:

1. Incorporate the revised text in the standard plans;
2. Use the Compliance and Variability Rider (N.J.A.C. 11:21 Appendix Exhibit DD) to amend the standard plans to conform with the adopted amendments; or
3. A combination of incorporating the revised text in the standard plans and use of the Compliance and Variability Rider.

Thus, either by means of incorporation into the standard plans or use of the Compliance and Variability rider:

- every ***newly issued plan*** must comply with these plan modifications no later than September 1, 1998; and
- every ***inforce plan*** must comply with these plan modifications no later than the first anniversary on or after September 1, 1998.

Carriers that elect to use the Compliance and Variability Rider ***must*** use the attached text to address the changes to the mental or nervous conditions or substance abuse coverage. The introductory and concluding text on the rider must be consistent with N.J.A.C. 11:21 Exhibit DD.

To the extent that these forms changes necessitate a rate filing, please make the appropriate rate filing pursuant to N.J.A.C. 11:21-9.

If you have any questions, feel free to contact me.

Rider Text to be included on the Compliance and Variability Rider (Exhibit DD) to amend Standard Small Employer Health Benefits Plans B, C, D AND E

Section: **SCHEDULE OF INSURANCE AND PREMIUM RATES (Policy) and SCHEDULE OF INSURANCE ([Certificate])**

Subsection: **Payment Limits**

The text which specifies the Payment Limits for Charges for all treatment for Mental or Nervous Conditions and Substance Abuse is deleted and replaced with the following:

Charges for all treatment of Mental or Nervous Conditions and Substance Abuse, per Calendar Year

Inpatient Confinement	30 days *
Outpatient Care	20 visits

* Unused Inpatient days may be exchanged, on a two-for-one-basis, for additional Outpatient visits.

Section: **COVERED CHARGES WITH SPECIAL LIMITATIONS**

Subsection: **Mental or Nervous Conditions and Substance Abuse**

The Mental or Nervous Conditions and Substance Abuse subsection is deleted and replaced with the following:

[Carrier] limits what [Carrier] pays for the treatment of Mental or Nervous Conditions and Substance Abuse. [Carrier] includes a condition under this section if it manifests symptoms that are primarily mental or nervous, regardless of any underlying physical cause.

A Covered Person may receive treatment as an Inpatient in a Hospital or a Substance Abuse Center. He or she may also receive treatment as an Outpatient from a Hospital, Substance Abuse Center, or any properly licensed or certified Practitioner, psychologist or social worker. Covered Charges for the treatment of Mental or Nervous Conditions and Substance Abuse include charges incurred for Prescription Drugs.

The Covered Person must pay the Coinsurance shown on the Schedule for Covered Charges for such treatment. [Carrier] limits coverage for all treatment of Mental or Nervous Conditions and Substance Abuse per Calendar Year to:

- a) thirty (30) days of Inpatient confinement; and
- b) twenty (20) Outpatient visits.

One or more of any unused Inpatient days may be exchanged on a two-for-one-basis for additional Outpatient visits.

[Carrier] does not pay for Custodial Care, education, or training.

[“DC” NOTE: ANY MENTAL OR NERVOUS CONDITIONS AND SUBSTANCE ABUSE SERVICES AND SUPPLIES A COVERED PERSON RECEIVES UNDER THE ASSOCIATED HMO PLAN WILL REDUCE THE MENTAL OR NERVOUS CONDITIONS AND SUBSTANCE ABUSE BENEFITS AVAILABLE UNDER THIS INDEMNITY PLAN.]

Rider Text to be included on the Compliance and Variability Rider (Exhibit DD) to amend Standard Small Employer Health Benefits Plans HMO-POS

Section: **SCHEDULE OF COVERED SERVICES AND SUPPLIES AND COVERED CHARGES**

Subsection: **Mental or Nervous Conditions and Substance Abuse**

The text of the chart concerning Mental or Nervous Conditions and Substance Abuse is deleted and replaced with the following:

SERVICES	[NETWORK]	[NON-NETWORK]
Mental or Nervous Conditions and Substance Abuse	Inpatient: [\$150] Copayment / day; maximum / admission [\$750]; maximum / cal. year [\$1500]; Maximum 30 days/ calendar year Outpatient: [\$15] Copayment / visit; Maximum 20 visits/ calendar year. Refer to the Covered Services and Supplies section for an explanation of the rules for exchange	Deductible/Coinsurance Inpatient: Maximum 30 days/Calendar Year Outpatient: Maximum 20 visits/Calendar Year Refer to the Covered Charges with Special Limitations Applicable to [Non-Network] Benefits section for an explanation of the rules for exchange

Section: **COVERED CHARGES WITH SPECIAL LIMITATIONS
*APPLICABLE TO [NON-NETWORK] BENEFITS***

Subsection: **Mental or Nervous Conditions and Substance Abuse**

The Mental or Nervous Conditions and Substance Abuse subsection is deleted and replaced with the following:

We limit what We pay for the treatment of Mental or Nervous Conditions and Substance Abuse. We include a condition under this section if it manifests symptoms which are primarily mental or nervous, regardless of any underlying physical cause.

A [Member] may receive treatment as an Inpatient in a Hospital or a Substance Abuse Center. He or she may also receive treatment as an Outpatient from a Hospital, Substance Abuse Center, or any properly licensed or certified Practitioner, psychologist or social worker. Covered Charges for the treatment of Mental or Nervous Conditions and Substance Abuse include charges incurred for Prescription Drugs.

The [Member] must pay the Coinsurance shown on the Schedule for Covered Charges for such treatment. We limit coverage for all treatment of Mental or Nervous Conditions and Substance Abuse per Calendar Year to:

- a) thirty (30) days of Inpatient confinement; and
- b) twenty (20) Outpatient visits.

One or more of any unused Inpatient days may be exchanged on a two-for-one-basis for additional Outpatient visits.

We do not pay for Custodial Care, education, or training.

NOTE: ANY SUBSTANCE ABUSE AND MENTAL OR NERVOUS CONDITIONS SERVICES AND SUPPLIES A [MEMBER] RECEIVES AS [NETWORK] SERVICES AND SUPPLIES WILL REDUCE THE BENEFITS AVAILABLE AS A [NON-NETWORK] COVERED CHARGE.

Explanation of Brackets for Compliance and Variability Rider Text

- 1) Carriers should replace “Carrier” with the term used in the carrier’s standard plans.
- 2) Carriers that use another term for “Certificate” should use such other term.
- 3) Carriers that issue the Plans C and/or D as the non-network portion of a dual contract HMO-POS should include the text which is prefaced with “DC.”
- 4) Carriers that use other terms for Network and “Non-Network” should use such other terms.
- 5) Carriers that use another for “Member” should use such other term.