

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2007

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HOUSE BILL 973  
Committee Substitute Favorable 5/8/07

Short Title: Mental Health Equitable Coverage.

(Public)

Sponsors:

Referred to:

March 22, 2007

1 A BILL TO BE ENTITLED  
2 AN ACT TO REQUIRE EQUITY IN HEALTH INSURANCE COVERAGE FOR  
3 MENTAL ILLNESS AND CHEMICAL DEPENDENCY.

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** G.S. 58-51-50 reads as rewritten:

6 **"§ 58-51-50. Coverage for chemical dependency treatment.**

7 (a) Definitions. – As used in this section, the ~~term~~ "chemical term":

8 (1) 'Chemical dependency' means the pathological use or abuse of alcohol  
9 or other drugs in a manner or to a degree that produces an impairment  
10 in personal, social or occupational functioning and which may, but  
11 need not, include a pattern of tolerance and withdrawal.

12 (2) 'Health benefit plan' has the same meaning as in G.S. 58-3-167 and  
13 includes the Teachers and State Employees' Comprehensive Major  
14 Medical Plan (Plan) and the Plan's optional PPO program.

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

16 (b) ~~Every insurer that writes a policy or contract of group or blanket health~~  
17 ~~insurance or group or blanket accident and health insurance that is issued, renewed, or~~  
18 ~~amended on or after January 1, 1985, shall offer to its insureds shall provide in each~~  
19 group health benefit plan benefits for the necessary care and treatment of chemical  
20 dependency that are not less favorable than benefits for physical illness generally.  
21 ~~Except as provided in subsection (c) of this section, benefits~~ Benefits for treatment of  
22 chemical dependency shall be subject to the same ~~durational limits, dollar limits,~~  
23 ~~deductibles, and coinsurance factors~~ limits as are benefits for physical illness generally.  
24 For purposes of this subsection, 'limits' includes durational limits, deductibles,  
25 coinsurance factors, co-payments, maximum out-of-pocket limits, annual and lifetime  
26 dollar limits, and any other dollar limits or fees for covered services.

27 (b1) Weighted Average. – If a group health benefit plan contains annual limits,  
28 lifetime limits, co-payments, deductibles, or coinsurance only on selected physical  
29 illness and injury benefits, and these benefits do not represent substantially all of the

1 physical illness and injury benefits under the health benefit plan, then the insurer may  
2 impose limits on the chemical dependency treatment benefits based on a weighted  
3 average of the respective annual, lifetime, co-payment, deductible, or coinsurance limits  
4 on the selected physical illness and injury benefits. The weighted average shall be  
5 calculated in accordance with rules adopted by the Commissioner.

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

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

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

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

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

27 (d) Provisions for benefits for necessary care and treatment of chemical  
28 dependency in group policies or group contracts of insurance shall provide benefit  
29 payments for the following providers of necessary care and treatment of chemical  
30 dependency:

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

33 a. ~~Chemical dependency units in licensed facilities; facilities~~  
34 ~~licensed after October 1, 1984;~~

35 b. Medical units;

36 c. Psychiatric units; and

37 (2) The following facilities or programs licensed ~~after July 1, 1984, under~~  
38 ~~Article 2 of General Statutes Chapter 122C; under Article 2 of Chapter~~  
39 ~~122C~~ of the General Statutes:

40 a. Chemical dependency units in psychiatric hospitals;

41 b. Chemical dependency hospitals;

42 c. Residential chemical dependency treatment facilities;

43 d. Social setting detoxification facilities or programs;

44 e. Medical detoxification or programs; and

- 1 (3) Duly licensed physicians and duly licensed practicing psychologists  
 2 and certified professionals working under the direct supervision of  
 3 such physicians or psychologists in facilities described in (1) and (2)  
 4 above and in day/night programs or outpatient treatment facilities  
 5 licensed after July 1, 1984, under Article 2 of General Statutes Chapter  
 6 ~~122C~~ under Article 2 of Chapter 122C of the General Statutes.
- 7 (4) Licensed or certified psychologists, licensed clinical social workers,  
 8 certified clinical nurse specialists in psychiatric mental health  
 9 advanced practice, nurse practitioners certified as clinical nurse  
 10 specialists in psychiatric mental health advanced practice, licensed  
 11 psychological associates, licensed professional counselors, licensed  
 12 marriage and family therapists, licensed clinical addictions specialists,  
 13 and certified clinical supervisors working within the scope of practice  
 14 in facilities described in subdivisions (1) and (2) of this subsection, in  
 15 day/night programs licensed under Article 2 of Chapter 122C of the  
 16 General Statutes, and outpatient services.

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

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

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

24 "**§ 58-51-55. No discrimination against ~~the~~ mentally ill and chemically**  
 25 **dependent, dependent individuals.**

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

- 27 (1) 'Mental illness' has the same meaning as defined in ~~G.S. 122C-3(21);~~  
 28 ~~and~~ G.S. 122C-3(21), with a mental disorder defined in the Diagnostic  
 29 and Statistical Manual of Mental Disorders, DSM-IV, or a subsequent  
 30 edition published by the American Psychiatric Association, except  
 31 those mental disorders coded in the DSM-IV or subsequent editions as  
 32 substance-related disorders (291.0 through 292.9 and 303.0 through  
 33 305.9) and those coded as 'V' codes.
- 34 (2) 'Chemical dependency' has the same meaning as defined in  
 35 ~~G.S. 58-51-50~~ G.S. 58-51-50, with a mental disorder defined in the  
 36 Diagnostic and Statistical Manual of Mental Disorders, DSM-IV, or  
 37 subsequent editions of this manual.

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

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

- 1 (1) Refuse to issue or deliver to that individual any policy that affords  
2 benefits or coverages for any medical treatment or service for physical  
3 illness or injury;
- 4 (2) Have a higher premium rate or charge for physical illness or injury  
5 coverages or benefits for that individual; or
- 6 (3) Reduce physical illness or injury coverages or benefits for that  
7 individual.

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

- 12 ~~(1) A lifetime limit or annual limit may be made applicable to all benefits  
13 under the policy, without distinguishing the mental health benefits.~~
- 14 ~~(2) If the policy contains lifetime limits only on selected physical illness  
15 and injury benefits, and these benefits do not represent substantially all  
16 of the physical illness and injury benefits under the policy, the insurer  
17 may impose a lifetime limit on the mental health benefits that is based  
18 on a weighted average of the respective lifetime limits on the selected  
19 physical illness and injury benefits. The weighted average shall be  
20 calculated in accordance with rules adopted by the Commissioner.~~
- 21 ~~(3) If the policy contains annual limits only on selected physical illness  
22 and injury benefits, and these benefits do not represent substantially all  
23 of the physical illness and injury benefits under the policy, the insurer  
24 may impose an annual limit on the mental health benefits that is based  
25 on a weighted average of the respective annual limits on the selected  
26 physical illness and injury benefits. The weighted average shall be  
27 calculated in accordance with rules adopted by the Commissioner.~~
- 28 ~~(4) Except as otherwise provided in this section, the policy may  
29 distinguish between mental illness benefits and physical injury or  
30 illness benefits with respect to other terms of the policy, including  
31 coinsurance, limits on provider visits or days of coverage, and  
32 requirements relating to medical necessity.~~
- 33 ~~(5) If the insurer offers two or more benefit package options under a  
34 policy, each package must comply with this subsection.~~
- 35 ~~(6) This subsection does not apply to a policy if the insurer can  
36 demonstrate to the Commissioner that compliance will increase the  
37 cost of the policy by one percent (1%) or more.~~
- 38 ~~(7) This subsection expires October 1, 2001, but the expiration does not  
39 affect services rendered before that date.~~

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

43 ~~(d) Applicability.—Subsection (b1) of this section applies only to group health  
44 insurance contracts, other than excepted benefits as defined in G.S. 58-68-25, covering~~

1 ~~more than 50 employees. The remainder of this section applies only to group health~~  
2 ~~insurance contracts covering 20 or more employees. For purposes of this section, "group~~  
3 ~~health insurance contracts" include MEWAs, as defined in G.S. 58-49-30(a)."~~

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

6 **"§ 58-3-220. Mental illness benefits coverage.**

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

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

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

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

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

34 (1) 'Health benefit plan' has the same meaning as in G.S. 58-3-167 and  
35 includes the Teachers' and State Employees' Comprehensive Major  
36 Medical Plan (Plan) and the Plan's optional PPO program.

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

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

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

2   "**§ 58-65-75. Coverage for chemical dependency treatment.**

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

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

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

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

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

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

- 1           (1) ~~The certificate or contract shall provide, for each 12 month period, a~~  
2           ~~minimum benefit of eight thousand dollars (\$8,000) for the necessary~~  
3           ~~care and treatment of chemical dependency.~~
- 4           (2) ~~The certificate or contract shall provide a minimum benefit of sixteen~~  
5           ~~thousand dollars (\$16,000) for the necessary care and treatment of~~  
6           ~~chemical dependency for the life of the certificate or contract.~~
- 7           (d) Provisions for benefits for necessary care and treatment of chemical  
8           dependency in group certificates or group contracts shall provide for benefit payments  
9           for the following providers of necessary care and treatment of chemical dependency:
- 10          (1) The following units of a general hospital licensed under Article 5 of  
11          ~~General Statutes Chapter 131E:Chapter 131E of the General Statutes:~~  
12          a. ~~Chemical dependency units in facilities licensed after October~~  
13          ~~1, 1984; licensed facilities;~~  
14          b. Medical units;  
15          c. Psychiatric units; and
- 16          (2) The following facilities or programs licensed ~~after July 1, 1984, under~~  
17          ~~Article 2 of General Statutes Chapter 122C:under Article 2 of Chapter~~  
18          ~~122C of the General Statutes:~~  
19          a. Chemical dependency units in psychiatric hospitals;  
20          b. Chemical dependency hospitals;  
21          c. Residential chemical dependency treatment facilities;  
22          d. Social setting detoxification facilities or programs;  
23          e. Medical detoxification facilities or programs; and
- 24          (3) Duly licensed physicians and duly licensed psychologists and certified  
25          professionals working under the direct supervision of such physicians  
26          or psychologists in facilities described in (1) and (2) above and in  
27          day/night programs or outpatient treatment facilities licensed ~~after July~~  
28          ~~1, 1984, under Article 2 of General Statutes Chapter 122C:under~~  
29          ~~Article 2 of Chapter 122C of the General Statutes. After January 1,~~  
30          ~~1995, "duly licensed psychologist" "Duly licensed psychologist" shall be~~  
31          ~~defined as means~~ licensed psychologists who hold permanent licensure  
32          and certification as health services provider psychologist issued by the  
33          North Carolina Psychology Board.
- 34          (4) Licensed or certified psychologists, licensed clinical social workers,  
35          certified clinical nurse specialists in psychiatric mental health  
36          advanced practice, nurse practitioners certified as clinical nurse  
37          specialists in psychiatric mental health advanced practice, licensed  
38          psychological associates, licensed professional counselors, licensed  
39          marriage and family therapists, licensed clinical addictions specialists,  
40          and certified clinical supervisors working within the scope of practice  
41          in facilities described in subdivisions (1) and (2) of this subsection, in  
42          day/night programs licensed under Article 2 of Chapter 122C of the  
43          General Statutes, and outpatient services.

1 Provided, however, that nothing in this subsection shall prohibit any certificate or  
2 contract from requiring the most cost effective treatment setting to be utilized by the  
3 person undergoing 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 certificate holder or group subscriber contract holder  
6 who rejects the coverage in writing."~~

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

8 "**§ 58-65-90. No discrimination against ~~the~~ mentally ill and chemically  
9 dependent, dependent individuals.**

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

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

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

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

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

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

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

33 (3) Reduce physical illness or injury coverages or benefits for that  
34 individual.

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

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

42 ~~(2) If the subscriber contract contains lifetime limits only on selected~~  
43 ~~physical illness or injury benefits, and these benefits do not represent~~  
44 ~~substantially all of the physical illness and injury benefits under the~~



1           ~~subscriber contract, the service corporation may impose a lifetime~~  
2           ~~limit on the mental health benefits that is based on a weighted average~~  
3           ~~of the respective lifetime limits on the selected physical illness and~~  
4           ~~injury benefits. The weighted average shall be calculated in~~  
5           ~~accordance with rules adopted by the Commissioner.~~

6           ~~(3) If the subscriber contract contains annual limits only on selected~~  
7           ~~physical illness and injury benefits, and these benefits do not represent~~  
8           ~~substantially all of the physical illness and injury benefits under the~~  
9           ~~subscriber contract, the service corporation may impose an annual~~  
10           ~~limit on the mental health benefits that is based on a weighted average~~  
11           ~~of the respective annual limits on the selected physical illness and~~  
12           ~~injury benefits. The weighted average shall be calculated in~~  
13           ~~accordance with rules adopted by the Commissioner.~~

14           ~~(4) Except as otherwise provided in this section, the subscriber contract~~  
15           ~~may distinguish between mental illness benefits and physical injury or~~  
16           ~~illness benefits with respect to other terms of the subscriber contract,~~  
17           ~~including coinsurance, limits on provider visits or days of coverage,~~  
18           ~~and requirements relating to medical necessity.~~

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

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

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

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

31           ~~(d) Applicability. — Subsection (b1) of this section applies only to subscriber~~  
32           ~~contracts, other than excepted benefits as defined in G.S. 58-68-25, covering more than~~  
33           ~~50 employees. The remainder of this section applies only to group contracts covering 20~~  
34           ~~or more employees."~~

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

36           "**§ 58-67-70. Coverage for chemical dependency treatment.**

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

41           (b) Chemical Dependency Requirement. — ~~On and after January 1, 1985,~~  
42           ~~every~~Every health maintenance organization that writes a health care plan on a group  
43           basis and that is subject to this Article shall ~~offer~~provide benefits for the necessary care  
44           and treatment of chemical dependency that are not less favorable than benefits under the

1 health care plan generally. ~~Except as provided in subsection (c) of this section, benefits~~  
2 Benefits for chemical dependency shall be subject to the same durational limits, dollar  
3 limits, deductibles, and coinsurance factors limits as are benefits under the health care  
4 plan generally. For purposes of this subsection, 'limits' includes durational limits,  
5 deductibles, coinsurance factors, co-payments, maximum out-of-pocket limits, annual  
6 and lifetime dollar limits, and any other dollar limits or fees for covered services.

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

15 (b2) Case Management. – A health maintenance organization may use a case  
16 management program for chemical dependency treatment benefits to evaluate and  
17 determine medically necessary and medically appropriate care and treatment for each  
18 patient, provided that the program complies with rules adopted by the Commissioner.  
19 These rules shall only ensure that case management programs are not designed to avoid  
20 the requirements of this section concerning equity between the benefits for chemical  
21 dependency treatment and those for physical illness generally.

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

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

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

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

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

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

- 41 a. ~~Chemical dependency units in facilities licensed after October~~  
42 ~~1, 1984; licensed facilities;~~  
43 b. Medical units;  
44 c. Psychiatric units; and

- 1           (2)    The following facilities or programs licensed ~~after July 1, 1984, under~~  
2           ~~Article 2 of General Statutes Chapter 122C;~~under Article 2 of Chapter  
3           122C of the General Statutes:  
4           a.     Chemical dependency units in psychiatric hospitals;  
5           b.     Chemical dependency hospitals;  
6           c.     Residential chemical dependency treatment facilities;  
7           d.     Social setting detoxification facilities or programs;  
8           e.     Medical detoxification facilities or programs; and  
9           (3)    Duly licensed physicians and duly licensed practicing psychologists  
10          and certified professionals working under the direct supervision of  
11          such physicians or psychologists in facilities described in (1) and (2)  
12          above and in day/night programs or outpatient treatment facilities  
13          licensed ~~after July 1, 1984, under Article 2 of General Statutes Chapter~~  
14          ~~122C;~~under Article 2 of Chapter 122C of the General Statutes.  
15          (4)    Licensed or certified psychologists, licensed clinical social workers,  
16          certified clinical nurse specialists in psychiatric mental health  
17          advanced practice, nurse practitioners certified as clinical nurse  
18          specialists in psychiatric mental health advanced practice, licensed  
19          psychological associates, licensed professional counselors, licensed  
20          marriage and family therapists, licensed clinical addictions specialists,  
21          and certified clinical supervisors working within the scope of practice  
22          in facilities described in subdivisions (1) and (2) of this subsection, in  
23          day/night programs licensed under Article 2 of Chapter 122C of the  
24          General Statutes, and outpatient services.

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

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

30    (f) Notwithstanding any other provision of this section or Article, any health  
31    maintenance organization subject to this Article that becomes a qualified health  
32    maintenance organization under Title XIII of the United States Public Health Service  
33    Act shall provide the benefits required under that federal Act, which shall be deemed to  
34    constitute compliance with the provisions of this section; and any health maintenance  
35    organization may provide that the benefits provided under this section must be obtained  
36    through providers affiliated with the health maintenance organization."

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

38    "**§ 58-67-75. No discrimination against ~~the~~ mentally ill and chemically**  
39    **dependent-dependent individuals.**

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

- 41          (1) 'Mental illness' has the same meaning as defined in ~~G.S. 122C-3(21);~~  
42          and G.S. 122C-3(21), with a mental disorder defined in the Diagnostic  
43          and Statistical Manual of Mental Disorders, DSM-IV, or subsequent  
44          editions published by the American Psychiatric Association, except

1                    those mental disorders coded in the DSM-IV or subsequent editions as  
2                    substance-related disorders (291.0 through 292.9 and 303.0 through  
3                    305.9) and those coded as 'V' codes.

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

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

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

- 14                    (1) Refuse to enroll that individual in any health care plan covering  
15                    physical 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                    ~~(b1) Coverage of Mental Illness. — A health care plan that covers both physical~~  
21 ~~illness or injury and mental illness may not impose a lesser lifetime or annual dollar~~  
22 ~~limitation on the mental health benefits than on the physical illness or injury benefits,~~  
23 ~~subject to the following:~~

- 24                    ~~(1) A lifetime limit or annual limit may be made applicable to all benefits~~  
25 ~~under the plan, without distinguishing the mental health benefits.~~  
26                    ~~(2) If the plan contains lifetime limits only on selected physical illness and~~  
27 ~~injury benefits, and these benefits do not represent substantially all of~~  
28 ~~the physical illness and injury benefits under the plan, the HMO may~~  
29 ~~impose a lifetime limit on the mental health benefits that is based on a~~  
30 ~~weighted average of the respective lifetime limits on the selected~~  
31 ~~physical illness and injury benefits. The weighted average shall be~~  
32 ~~calculated in accordance with rules adopted by the Commissioner.~~  
33                    ~~(3) If the plan contains annual limits only on selected physical illness and~~  
34 ~~injury benefits, and these benefits do not represent substantially all of~~  
35 ~~the physical illness and injury benefits under the plan, the HMO may~~  
36 ~~impose an annual limit on the mental health benefits that is based on a~~  
37 ~~weighted average of the respective annual limits on the selected~~  
38 ~~physical illness and injury benefits. The weighted average shall be~~  
39 ~~calculated in accordance with rules adopted by the Commissioner.~~  
40                    ~~(4) Except as otherwise provided in this section, the plan may distinguish~~  
41 ~~between mental illness benefits and physical injury or illness benefits~~  
42 ~~with respect to other terms of the plan, including coinsurance, limits on~~  
43 ~~provider visits or days of coverage, and requirements relating to~~  
44 ~~medical necessity.~~

- 1           ~~(5) If the HMO offers two or more benefit package options under a plan,~~  
2           ~~each package must comply with this subsection.~~  
3           ~~(6) This subsection does not apply to a health benefit plan if the HMO can~~  
4           ~~demonstrate to the Commissioner that compliance will increase the~~  
5           ~~cost of the plan by one percent (1%) or more.~~  
6           ~~(7) This subsection expires October 1, 2001, but the expiration does not~~  
7           ~~affect services rendered before that date.~~

8           ~~(e) Mental Illness or Chemical Dependency Coverage Not Required.—Nothing~~  
9           ~~in this section requires an HMO to offer coverage for mental illness or chemical~~  
10           ~~dependency, except as provided in G.S. 58-67-70.~~

11           ~~(d) Applicability. — Subsection (b1) of this section applies only to group~~  
12           ~~contracts, other than excepted benefits as defined in G.S. 58-68-25, covering more than~~  
13           ~~50 employees. The remainder of this section applies only to group contracts covering 20~~  
14           ~~or more employees."~~

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

16           **"§ 58-50-155. Standard and basic health care plan coverages.**

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

- 19           (1) Mammograms and pap smears at least equal to the coverage required  
20           by G.S. 58-51-57.  
21           (2) Prostate-specific antigen (PSA) tests or equivalent tests for the  
22           presence of prostate cancer at least equal to the coverage required by  
23           G.S. 58-51-58.  
24           (3) Reconstructive breast surgery resulting from a mastectomy at least  
25           equal to the coverage required by G.S. 58-51-62.  
26           (4) For a qualified individual, scientifically proven bone mass  
27           measurement for the diagnosis and evaluation of osteoporosis or low  
28           bone mass at least equal to the coverage required by G.S. 58-3-174.  
29           (5) Prescribed contraceptive drugs or devices that prevent pregnancy and  
30           that are approved by the United States Food and Drug Administration  
31           for use as contraceptives, or outpatient contraceptive services at least  
32           equal to the coverage required by G.S. 58-3-178, if the plan covers  
33           prescription drugs or devices, or outpatient services, as applicable. The  
34           same exceptions and exclusions as are provided under G.S. 58-3-178  
35           apply to standard plans developed and approved under G.S. 58-50-125.  
36           (6) Colorectal cancer examinations and laboratory tests at least equal to  
37           the coverage required by G.S. 58-3-179.  
38           (7) Treatment of chemical dependency and mental illness that is at least  
39           equal to the coverage required by G.S. 58-51-50 and G.S. 58-3-220,  
40           respectively. The Plan may use a case management program in  
41           accordance with G.S. 58-51-50 and G.S. 58-3-220, respectively.

42           (a1), (a2) Repealed by Session Laws 1999-197, s. 2.

43           (b) Notwithstanding G.S. 58-50-125(c), in developing and approving the plans  
44           under G.S. 58-50-125, the Committee and Commissioner shall give due consideration to

1 cost-effective and life-saving health care services and to cost-effective health care  
2 providers."

3           **SECTION 9.** This act becomes effective January 1, 2008, and applies to  
4 health benefit plans that are delivered, issued for delivery, or renewed on and after that  
5 date. For purposes of this act, renewal of a health benefit policy, contract, or plan is  
6 presumed to occur on each anniversary of the date on which coverage was first effective  
7 on the person or persons covered by the health benefit plan.