

17:48A-7a

LEGISLATIVE HISTORY CHECKLIST

HJSA 17:48A-7a (Medical service corporation contracts--benefits for the treatment of alcoholism)

LAWS OF 1977 CHAPTER 117

Bill No. A1720

Sponsor(s) Bornheimer

Date Introduced March 8, 1976

Committee: Assembly Commerce, Banking & Insurance

Senate Labor, Industry & Professions

Amended during passage Yes ~~no~~ Amendments during passage denoted by asterisks

Date of Passage: Assembly Nov. 9, 1976

Senate April 21, 1977

Date of approval June 12, 1977

Following statements are attached if available:

Sponsor statement	Yes	No Below
Committee Statement: Assembly	Yes	No
Senate	Yes	No
Fiscal Note	Yes	No
Veto Message	Yes	No
Message on signing	Yes	No

Following were printed:

Reports	Yes	No
Hearings	Yes	No

Sponsor's Statement:

This bill provides for the inclusion of benefits for the treatment of alcoholism in medical service corporation contracts.

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ASSEMBLY, No. 1720

STATE OF NEW JERSEY

INTRODUCED MARCH 8, 1976

By Assemblymen BORNHEIMER, FROUDE, SCANLON,
KARCHER, DEVERIN, ORECHIO, ADUBATO, CALI and
Assemblywoman CURRAN

Referred to Committee on Commerce, Banking and Insurance

AN ACT providing for the inclusion of benefits for **expenses incurred in connection with** the treatment of alcoholism in medical service corporation contracts, and supplementing P. L. 1940, c. 74 (C. 17:48A-1 et seq.).

1 BE IT ENACTED *by the Senate and General Assembly of the State*
2 *of New Jersey:*

1 1. No group or individual contract **providing hospital or*
2 *medical expense benefits** shall be delivered, issued, executed or
3 renewed in this State, or approved for issuance or renewal in this
4 State by the Commissioner of Insurance after the effective date of
5 this act, unless such contract ***[specifically includes and]*** pro-
6 vides **benefits** to any subscriber or other person covered there-
7 under for **expenses incurred in connection with** the treatment of
7A alcoholism when such treatment is prescribed by a doctor of
7B medicine. **Such benefits shall be provided to the same extent as*
7C *for any other sickness under the contract.**

8 ***[Benefits shall include treatment while confined in or as an out-**
9 **patient of a licensed hospital or residential treatment program**
10 **which meets minimum standards of care equivalent to those pre-**
11 **scribed by the Joint Commission on Hospital Accreditation.]***

12 **Every contract shall include such benefits for the treatment of*
13 *alcoholism as are hereinafter set forth:*

- 14 a. *Inpatient or outpatient care in a licensed hospital;*
- 15 b. *Treatment at a detoxification facility licensed pursuant to*
16 *P. L. 1975, c. 305;*
- 17 c. *Confinement as an inpatient or outpatient at a licensed,*
18 *certified, or state approved residential treatment facility, under a*

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

19 *program which meets minimum standards of care equivalent to*
20 *those prescribed by the Joint Commission on Hospital Accredita-*
21 *tion.*

22 *Treatment or confinement at any facility shall not preclude*
23 *further or additional treatment at any other eligible facility; pro-*
24 *vided, however, that the benefit days used do not exceed the total*
25 *number of benefit days provided for any other sickness under the*
26 *contract.**

1 2. This act shall take effect immediately.

REFERENCES USE ONLY

ASSEMBLY COMMERCE, BANKING AND INSURANCE
COMMITTEE

STATEMENT TO

ASSEMBLY, No. 1720

STATE OF NEW JERSEY

DATED: APRIL 23, 1976

This legislation would mandate the inclusion of benefits for the treatment of alcoholism in medical service corporation contracts. Alcoholism is one of the greatest health problems in the United States, and is one which afflicts individuals of virtually all social and economic categories and of varying age groups.

It is estimated that millions of dollars are spent annually for the payment of hospital and medical bills which are directly or indirectly attributable to alcoholism. Moreover, studies show that problem drinkers utilize a disproportionately high number of paid benefits, although rarely are these benefits utilized to treat the disease itself.

This legislation, which complements P. L. 1975, c. 305, would permit third party payments to detoxification facilities and residential treatment facilities licensed by the Department of Health. Not only would this legislation result in the treatment of alcoholism as a disease, but it should also be cost-effective in that it may result in a reduction of total benefit dollars paid to treat alcoholics. The cost-effectiveness of the mandatory inclusion of these benefits attributable to the treatment of alcoholics in facilities which are designed specifically for that purpose and which are considerably less costly per benefit day than are the hospitals where many alcoholics are presently being treated. It is possible that many alcoholics will not even require admission to the hospitals for detoxification purposes, but will instead be treated in detoxification centers where the cost is considerably less.

Many other states mandate the inclusion of these benefits in group contracts, including Massachusetts, Illinois, Wisconsin, Washington, and Minnesota. Massachusetts mandates such coverage for individual contracts as well. In Massachusetts the increase in premium for mandatory coverage for alcoholism and mental illness combined ranged from \$2.43 per quarter for the least comprehensive individual contract to \$5.25 per quarter for the most comprehensive family contract.

The committee amendments make the statutory language more precise in describing the alcoholism treatment facilities eligible for reimbursement. The legislation permits the utilization of benefits as for any other illness covered under the contract. The committee feels that because of the nature of the disease and the cost-effectiveness which it hopes will result from this legislation the mandatory inclusion of these benefits is necessary to reach all individuals who presently need this coverage.