

# LEGISLATIVE HISTORY CHECKLIST

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## *LAWS of 1999*

**CHAPTER:** 106

**NJSA:** 17:48-6v et.al.

(Health insurers -- biologically based mental illness -- parity)

**BILL NO:** S86 (Substituted for A660 1<sup>st</sup> Reprint)

**SPONSOR(S):** Bassano and Codey

**DATE INTRODUCED:** Pre-filed

**COMMITTEE:**

*ASSEMBLY:* Banking and Insurance

*SENATE:* Senior Citizens, Veterans' Affairs & Human Services

**AMENDED DURING PASSAGE:** Yes

**DATE OF PASSAGE:**

*ASSEMBLY:* March 29, 1999

*SENATE:* March 30, 1998

**DATE OF APPROVAL:** May 13, 1999

**THE FOLLOWING ARE ATTACHED IF AVAILABLE:**

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**FINAL TEXT OF BILL** 1<sup>st</sup> Reprint

(Amendments during passage denoted by superscript numbers)

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## **S86**

**SPONSORS STATEMENT:** *Yes* (Begins on page 4 of original bill)

**COMMITTEE STATEMENT:**

**ASSEMBLY:** *No*

*While there is no web version for the Assembly Statement to S86, it is identical to the Assembly Statement to A660.*

**SENATE:** *Yes*

**FLOOR AMENDMENT STATEMENTS:** *No*

**LEGISLATIVE FISCAL ESTIMATE:** *Yes*

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**A660**

**SPONSORS STATEMENT:** *Yes* (Begins on page 4 of original bill)

Bill and Sponsor's Statement identical to S86

**COMMITTEE STATEMENT:**

**ASSEMBLY:** *Yes*

Identical to Assembly Committe Statement for S86

**SENATE:** *No*

**FLOOR AMENDMENT STATEMENTS:** *No*

**LEGISLATIVE FISCAL ESTIMATE:** *No*

**1<sup>st</sup> REPRINT (Final version):** *Yes*

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**GOVERNOR'S ACTIONS**

**VETO MESSAGE:** *No*

**GOVERNOR'S PRESS RELEASE ON SIGNING:** *Yes*

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**THE FOLLOWING WERE PRINTED:**

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(609) 278-2640 ext. 102 or [refdesk@njstatelib.org](mailto:refdesk@njstatelib.org)*

**REPORTS:** *No*

**HEARINGS:** *No*

**NEWSPAPER ARTICLES:** *No*

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§1 C. 17:48-6v  
 §2 C. 17:48A-7u  
 §3 C. 17:48E-35.20  
 §4 C. 17B:26-2.1s  
 §5 C. 17B:27-46.1v  
 §6 C. 17B:27A-7.5  
 §7 C. 17B:27A-19.7  
 §8 C. 26:2J-4.20  
 §9 C. 34:11A-15  
 §10 Note To §§1-10

P.L. 1999, CHAPTER 106 , *approved May 13, 1999*  
 Senate, No. 86 (*First Reprint*)

1 AN ACT concerning health insurance benefits for mental health and  
 2 supplementing various parts of the statutory law.

3

4 **BE IT ENACTED** by the Senate and General Assembly of the State  
 5 of New Jersey:

6

7 1. <sup>1</sup>a.<sup>1</sup> Every individual and group hospital service corporation  
 8 contract that provides hospital or medical expense benefits and is  
 9 delivered, issued, executed or renewed in this State pursuant to  
 10 P.L.1938, c.366 (C.17:48-1 et seq.), or approved for issuance or  
 11 renewal in this State by the Commissioner of Banking and Insurance,  
 12 on or after the effective date of this act shall provide coverage for  
 13 'biologically-based' mental illness under the same terms and  
 14 conditions as provided for any other sickness under the contract.  
 15 "**1**Biologically-based mental <sup>1</sup> illness" means <sup>1</sup> **1** the same as  
 16 defined in the Diagnostic and Statistical Manual of Mental Disorders]  
 17 a mental or nervous condition that is caused by a biological disorder  
 18 of the brain and results in a clinically significant or psychological  
 19 syndrome or pattern that substantially limits the functioning of the  
 20 person with the illness, including but not limited to, schizophrenia,  
 21 schizoaffective disorder, major depressive disorder, bipolar disorder,  
 22 paranoia and other psychotic disorders, obsessive-compulsive disorder,  
 23 panic disorder and pervasive developmental disorder or autism<sup>1</sup>.  
 24 <sup>1</sup>"Same terms and conditions" means that the hospital service  
 25 corporation cannot apply different copayments, deductibles or benefit  
 26 limits to biologically-based mental health benefits than those applied  
 27 to other medical or surgical benefits.

28 b. Nothing in this section shall be construed to change the manner  
 29 in which a hospital service corporation determines:

30 (1) whether a mental health care service meets the medical necessity  
 31 standard as established by the hospital service corporation; or

32 (2) which providers shall be entitled to reimbursement for providing

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

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

<sup>1</sup> Senate SSV committee amendments adopted March 23, 1998.

1 services for mental illness under the contract.

2 c.<sup>1</sup> The provisions of this section shall apply to all contracts in  
3 which the hospital service corporation has reserved the right to change  
4 the premium.

5  
6 2. a.<sup>1</sup> Every individual and group medical service corporation  
7 contract that provides hospital or medical expense benefits that is  
8 delivered, issued, executed or renewed in this State pursuant to  
9 P.L.1940, c.74 (C.17:48A-1 et seq.), or approved for issuance or  
10 renewal in this State by the Commissioner of Banking and Insurance,  
11 on or after the effective date of this act shall provide coverage for  
12 'biologically-based'<sup>1</sup> mental illness under the same terms and  
13 conditions as provided for any other sickness under the contract.  
14 "[Mental] Biologically-based mental<sup>1</sup> illness" means <sup>1</sup> [the same as  
15 defined in the Diagnostic and Statistical Manual of Mental Disorders]  
16 a mental or nervous condition that is caused by a biological disorder  
17 of the brain and results in a clinically significant or psychological  
18 syndrome or pattern that substantially limits the functioning of the  
19 person with the illness, including but not limited to, schizophrenia,  
20 schizoaffective disorder, major depressive disorder, bipolar disorder,  
21 paranoia and other psychotic disorders, obsessive-compulsive disorder,  
22 panic disorder and pervasive developmental disorder or autism<sup>1</sup>.  
23 "Same terms and conditions" means that the medical service  
24 corporation cannot apply different copayments, deductibles or benefit  
25 limits to biologically-based mental health benefits than those applied  
26 to other medical or surgical benefits.

27 b. Nothing in this section shall be construed to change the manner  
28 in which a medical service corporation determines:

29 (1) whether a mental health care service meets the medical necessity  
30 standard as established by the medical service corporation; or

31 (2) which providers shall be entitled to reimbursement for providing  
32 services for mental illness under the contract.

33 c.<sup>1</sup> The provisions of this section shall apply to all contracts in  
34 which the medical service corporation has reserved the right to change  
35 the premium.

36  
37 3. a.<sup>1</sup> Every individual and group health service corporation  
38 contract that provides hospital or medical expense benefits and is  
39 delivered, issued, executed or renewed in this State pursuant to  
40 P.L.1985, c.236 (C.17:48E-1 et seq.), or approved for issuance or  
41 renewal in this State by the Commissioner of Banking and Insurance,  
42 on or after the effective date of this act shall provide coverage for  
43 'biologically-based'<sup>1</sup> mental illness under the same terms and  
44 conditions as provided for any other sickness under the contract.  
45 "[Mental] Biologically-based mental<sup>1</sup> illness" means <sup>1</sup> [the same as  
46 defined in the Diagnostic and Statistical Manual of Mental Disorders]

1 a mental or nervous condition that is caused by a biological disorder  
 2 of the brain and results in a clinically significant or psychological  
 3 syndrome or pattern that substantially limits the functioning of the  
 4 person with the illness, including but not limited to, schizophrenia,  
 5 schizoaffective disorder, major depressive disorder, bipolar disorder,  
 6 paranoia and other psychotic disorders, obsessive-compulsive disorder,  
 7 panic disorder and pervasive developmental disorder or autism<sup>1</sup>.  
 8 <sup>1</sup>"Same terms and conditions" means that the health service  
 9 corporation cannot apply different copayments, deductibles or benefit  
 10 limits to biologically-based mental health benefits than those applied  
 11 to other medical or surgical benefits.

12 b. Nothing in this section shall be construed to change the manner  
 13 in which the health service corporation determines:

14 (1) whether a mental health care service meets the medical necessity  
 15 standard as established by the health service corporation; or

16 (2) which providers shall be entitled to reimbursement for  
 17 providing services for mental illness under the contract.

18 c.<sup>1</sup> The provisions of this section shall apply to all contracts in  
 19 which the health service corporation has reserved the right to change  
 20 the premium.

21  
 22 4. <sup>1</sup>a.<sup>1</sup> Every individual health insurance policy that provides  
 23 hospital or medical expense benefits and is delivered, issued, executed  
 24 or renewed in this State pursuant to chapter 26 of Title 17B of the  
 25 New Jersey Statutes, or approved for issuance or renewal in this State  
 26 by the Commissioner of Banking and Insurance, on or after the  
 27 effective date of this act shall provide coverage for <sup>1</sup>biologically-  
 28 based<sup>1</sup> mental illness under the same terms and conditions as provided  
 29 for any other sickness under the contract. <sup>1</sup>["Mental] Biologically-  
 30 based mental <sup>1</sup> illness" means <sup>1</sup> [the same as defined in the Diagnostic  
 31 and Statistical Manual of Mental Disorders] a mental or nervous  
 32 condition that is caused by a biological disorder of the brain and  
 33 results in a clinically significant or psychological syndrome or pattern  
 34 that substantially limits the functioning of the person with the illness,  
 35 including but not limited to, schizophrenia, schizoaffective disorder,  
 36 major depressive disorder, bipolar disorder, paranoia and other  
 37 psychotic disorders, obsessive-compulsive disorder, panic disorder and  
 38 pervasive developmental disorder or autism<sup>1</sup> . <sup>1</sup>"Same terms and  
 39 conditions" means that the insurer cannot apply different copayments,  
 40 deductibles or benefit limits to biologically-based mental health  
 41 benefits than those applied to other medical or surgical benefits.

42 b. Nothing in this section shall be construed to change the manner  
 43 in which the insurer determines:

44 (1) whether a mental health care service meets the medical necessity  
 45 standard as established by the insurer; or

46 (2) which providers shall be entitled to reimbursement for providing

1 services for mental illness under the policy.

2 c.<sup>1</sup> The provisions of this section shall apply to all policies in which  
3 the insurer has reserved the right to change the premium.

4

5 5. <sup>1</sup>a. Every group health insurance policy that provides hospital  
6 or medical expense benefits and is delivered, issued, executed or  
7 renewed in this State pursuant to chapter 27 of Title 17B of the New  
8 Jersey Statutes, or approved for issuance or renewal in this State by  
9 the Commissioner of Banking and Insurance, on or after the effective  
10 date of this act shall provide benefits for <sup>1</sup> biologically-based<sup>1</sup> mental  
11 illness under the same terms and conditions as provided for any other  
12 sickness under the policy. "<sup>1</sup>【Mental】 Biologically-based mental<sup>1</sup>  
13 illness" means <sup>1</sup> 【the same as defined in the Diagnostic and Statistical  
14 Manual of Mental Disorders】 a mental or nervous condition that is  
15 caused by a biological disorder of the brain and results in a clinically  
16 significant or psychological syndrome or pattern that substantially  
17 limits the functioning of the person with the illness, including but not  
18 limited to, schizophrenia, schizoaffective disorder, major depressive  
19 disorder, bipolar disorder, paranoia and other psychotic disorders,  
20 obsessive-compulsive disorder, panic disorder and pervasive  
21 developmental disorder or autism<sup>1</sup>. <sup>1</sup> "Same terms and conditions"  
22 means that the insurer cannot apply different copayments, deductibles  
23 or benefit limits to biologically-based mental health benefits than those  
24 applied to other medical or surgical benefits.

25 b. Nothing in this section shall be construed to change the manner  
26 in which the insurer determines:

27 (1) whether a mental health care service meets the medical necessity  
28 standard as established by the insurer; or

29 (2) which providers shall be entitled to reimbursement for providing  
30 services for mental illness under the policy.

31 c.<sup>1</sup> The provisions of this section shall apply to all policies in which  
32 the insurer has reserved the right to change the premium.

33

34 6. <sup>1</sup>a. Every individual health benefits plan that provides hospital  
35 or medical expense benefits and is delivered, issued, executed or  
36 renewed in this State pursuant to P.L.1992, c.161 (C.17B:27A-2 et  
37 seq.) or approved for issuance or renewal in this State on or after the  
38 effective date of this act shall provide benefits for <sup>1</sup> biologically-based<sup>1</sup>  
39 mental illness under the same terms and conditions as provided for any  
40 other sickness under the health benefits plan. "<sup>1</sup>【Mental】 Biologically-  
41 based mental<sup>1</sup> illness" means <sup>1</sup> 【the same as defined in the Diagnostic  
42 and Statistical Manual of Mental Disorders】 a mental or nervous  
43 condition that is caused by a biological disorder of the brain and  
44 results in a clinically significant or psychological syndrome or pattern  
45 that substantially limits the functioning of the person with the illness,  
46 including but not limited to, schizophrenia, schizoaffective disorder,

1 major depressive disorder, bipolar disorder, paranoia and other  
2 psychotic disorders, obsessive-compulsive disorder, panic disorder and  
3 pervasive developmental disorder or autism<sup>1</sup>. <sup>1</sup>"Same terms and  
4 conditions" means that the plan cannot apply different copayments,  
5 deductibles or benefit limits to biologically-based mental health  
6 benefits than those applied to other medical or surgical benefits.

7 b. Nothing in this section shall be construed to change the manner  
8 in which the carrier determines:

9 (1) whether a mental health care service meets the medical necessity  
10 standard as established by the carrier; or

11 (2) which providers shall be entitled to reimbursement for providing  
12 services for mental illness under the plan.

13 c.<sup>1</sup> The provisions of this section shall apply to all health benefits  
14 plans in which the carrier has reserved the right to change the  
15 premium.

16  
17 7.<sup>1</sup>a.<sup>1</sup> Every small employer health benefits plan that provides  
18 hospital or medical expense benefits and is delivered, issued, executed  
19 or renewed in this State pursuant to P.L.1992, c.162 (C.17B:27A-17  
20 et seq.) or approved for issuance or renewal in this State on or after  
21 the effective date of this act shall provide benefits for <sup>1</sup>biologically-  
22 based <sup>1</sup> mental illness under the same terms and conditions as provided  
23 for any other sickness under the health benefits plan. <sup>1</sup>**["Mental]**  
24 **Biologically-based mental** <sup>1</sup> illness" means <sup>1</sup> **["the same as defined in**  
25 **the Diagnostic and Statistical Manual of Mental Disorders]** **a mental**  
26 **or nervous condition that is caused by a biological disorder of the**  
27 **brain and results in a clinically significant or psychological syndrome**  
28 **or pattern that substantially limits the functioning of the person with**  
29 **the illness, including but not limited to, schizophrenia, schizoaffective**  
30 **disorder, major depressive disorder, bipolar disorder, paranoia and**  
31 **other psychotic disorders, obsessive-compulsive disorder, panic**  
32 **disorder and pervasive developmental disorder or autism**<sup>1</sup>. <sup>1</sup>"Same  
33 terms and conditions" means that the plan cannot apply different  
34 copayments, deductibles or benefit limits to biologically-based mental  
35 health benefits than those applied to other medical or surgical benefits.

36 b. Nothing in this section shall be construed to change the manner  
37 in which the carrier determines:

38 (1) whether a mental health care service meets the medical necessity  
39 standard as established by the carrier; or

40 (2) which providers shall be entitled to reimbursement for  
41 providing services for mental illness under the health benefits plan.

42 c.<sup>1</sup> The provisions of this section shall apply to all health benefits  
43 plans in which the carrier has reserved the right to change the  
44 premium.

45  
46 8. <sup>1</sup>a.<sup>1</sup> Every enrollee agreement delivered, issued, executed or

1 renewed in this State pursuant to P.L.1973, c.337 (C.26:2J-1 et seq.)  
 2 or approved for issuance or renewal in this State by the Commissioner  
 3 of Health and Senior Services, on or after the effective date of this act  
 4 shall provide health care services for <sup>1</sup> biologically-based<sup>1</sup> mental  
 5 illness under the same terms and conditions as provided for any other  
 6 sickness under the agreement. <sup>1</sup> **["Mental] Biologically-based**  
 7 **mental<sup>1</sup>** illness" means <sup>1</sup> **["the same as defined in the Diagnostic and**  
 8 **Statistical Manual of Mental Disorders] a mental or nervous condition**  
 9 **that is caused by a biological disorder of the brain and results in a**  
 10 **clinically significant or psychological syndrome or pattern that**  
 11 **substantially limits the functioning of the person with the illness,**  
 12 **including but not limited to, schizophrenia, schizoaffective disorder,**  
 13 **major depressive disorder, bipolar disorder, paranoia and other**  
 14 **psychotic disorders, obsessive-compulsive disorder, panic disorder and**  
 15 **pervasive developmental disorder or autism<sup>1</sup>.** <sup>1</sup> **"Same terms and**  
 16 **conditions" means that the health maintenance organization cannot**  
 17 **apply different copayments, deductibles or health care services limits**  
 18 **to biologically-based mental health care services than those applied to**  
 19 **other medical or surgical health care services.**

20 **b. Nothing in this section shall be construed to change the manner**  
 21 **in which a health maintenance organization determines:**

22 **(1) whether a mental health care service meets the medical necessity**  
 23 **standard as established by the health maintenance organization; or**

24 **(2) which providers shall be entitled to reimbursement or to be**  
 25 **participating providers, as appropriate, for mental health services**  
 26 **under the enrollee agreement.**

27 **c.<sup>1</sup> The provisions of this section shall apply to enrollee agreements**  
 28 **in which the health maintenance organization has reserved the right to**  
 29 **change the premium.**

30

31 **9. An employer in this State who provides health benefits coverage**  
 32 **to his employees or their dependents for treatment of <sup>1</sup> biologically-**  
 33 **based<sup>1</sup>** mental illness shall annually, and upon request of an employee  
 34 at other times during the year, notify his employees whether the  
 35 employees' coverage for treatment of <sup>1</sup> biologically-based<sup>1</sup> mental  
 36 illness is subject to the requirements of this act.

37

38 **10. This act shall take effect on the 90th day after enactment and**  
 39 **shall apply to contracts, policies and enrollee agreements issued or**  
 40 **renewed on or after that date.**

41

42

43

44 **Requires health insurers to provide certain mental health benefits**  
 45 **under the same terms and conditions as for other illnesses and**  
 46 **diseases.**



# SENATE, No. 86

## STATE OF NEW JERSEY 208th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 1998 SESSION

**Sponsored by:**

**Senator C. LOUIS BASSANO**

**District 21 (Essex and Union)**

**Senator RICHARD J. CODEY**

**District 27 (Essex)**

**SYNOPSIS**

Requires health insurers to provide mental health benefits under the same terms and conditions as for other illnesses and diseases.

**CURRENT VERSION OF TEXT**

Introduced Pending Technical Review by Legislative Counsel.



1 AN ACT concerning health insurance benefits for mental health and  
2 supplementing various parts of the statutory law.

3

4 **BE IT ENACTED** *by the Senate and General Assembly of the State*  
5 *of New Jersey:*

6

7 1. Every individual and group hospital service corporation contract  
8 that provides hospital or medical expense benefits and is delivered,  
9 issued, executed or renewed in this State pursuant to P.L.1938, c.366  
10 (C.17:48-1 et seq.), or approved for issuance or renewal in this State  
11 by the Commissioner of Banking and Insurance, on or after the  
12 effective date of this act shall provide coverage for mental illness  
13 under the same terms and conditions as provided for any other  
14 sickness under the contract. "Mental illness" means the same as  
15 defined in the Diagnostic and Statistical Manual of Mental Disorders.

16 The provisions of this section shall apply to all contracts in which  
17 the hospital service corporation has reserved the right to change the  
18 premium.

19

20 2. Every individual and group medical service corporation contract  
21 that provides hospital or medical expense benefits that is delivered,  
22 issued, executed or renewed in this State pursuant to P.L.1940, c.74  
23 (C.17:48A-1 et seq.), or approved for issuance or renewal in this State  
24 by the Commissioner of Banking and Insurance, on or after the  
25 effective date of this act shall provide coverage for mental illness  
26 under the same terms and conditions as provided for any other  
27 sickness under the contract. "Mental illness" means the same as  
28 defined in the Diagnostic and Statistical Manual of Mental Disorders.

29 The provisions of this section shall apply to all contracts in which  
30 the medical service corporation has reserved the right to change the  
31 premium.

32

33 3. Every individual and group health service corporation contract  
34 that provides hospital or medical expense benefits and is delivered,  
35 issued, executed or renewed in this State pursuant to P.L.1985, c.236  
36 (C.17:48E-1 et seq.), or approved for issuance or renewal in this State  
37 by the Commissioner of Banking and Insurance, on or after the  
38 effective date of this act shall provide coverage for mental illness  
39 under the same terms and conditions as provided for any other  
40 sickness under the contract. "Mental illness" means the same as  
41 defined in the Diagnostic and Statistical Manual of Mental Disorders.

42 The provisions of this section shall apply to all contracts in which  
43 the health service corporation has reserved the right to change the  
44 premium.

1       4. Every individual health insurance policy that provides hospital  
2 or medical expense benefits and is delivered, issued, executed or  
3 renewed in this State pursuant to chapter 26 of Title 17B of the New  
4 Jersey Statutes, or approved for issuance or renewal in this State by  
5 the Commissioner of Banking and Insurance, on or after the effective  
6 date of this act shall provide coverage for mental illness under the  
7 same terms and conditions as provided for any other sickness under  
8 the contract. "Mental illness" means the same as defined in the  
9 Diagnostic and Statistical Manual of Mental Disorders.

10       The provisions of this section shall apply to all policies in which the  
11 insurer has reserved the right to change the premium.

12

13       5. Every group health insurance policy that provides hospital or  
14 medical expense benefits and is delivered, issued, executed or renewed  
15 in this State pursuant to chapter 27 of Title 17B of the New Jersey  
16 Statutes, or approved for issuance or renewal in this State by the  
17 Commissioner of Banking and Insurance, on or after the effective date  
18 of this act shall provide benefits for mental illness under the same  
19 terms and conditions as provided for any other sickness under the  
20 policy. "Mental illness" means the same as defined in the Diagnostic  
21 and Statistical Manual of Mental Disorders.

22       The provisions of this section shall apply to all policies in which the  
23 insurer has reserved the right to change the premium.

24

25       6. Every individual health benefits plan that provides hospital or  
26 medical expense benefits and is delivered, issued, executed or renewed  
27 in this State pursuant to P.L.1992, c.161 (C.17B:27A-2 et seq.) or  
28 approved for issuance or renewal in this State on or after the effective  
29 date of this act shall provide benefits for mental illness under the same  
30 terms and conditions as provided for any other sickness under the  
31 health benefits plan. "Mental illness" means the same as defined in the  
32 Diagnostic and Statistical Manual of Mental Disorders.

33       The provisions of this section shall apply to all health benefits plans  
34 in which the carrier has reserved the right to change the premium.

35

36       7. Every small employer health benefits plan that provides hospital  
37 or medical expense benefits and is delivered, issued, executed or  
38 renewed in this State pursuant to P.L.1992, c.162 (C.17B:27A-17 et  
39 seq.) or approved for issuance or renewal in this State on or after the  
40 effective date of this act shall provide benefits for mental illness under  
41 the same terms and conditions as provided for any other sickness  
42 under the health benefits plan. "Mental illness" means the same as  
43 defined in the Diagnostic and Statistical Manual of Mental Disorders.

44       The provisions of this section shall apply to all health benefits plans  
45 in which the carrier has reserved the right to change the premium.

1 8. Every enrollee agreement delivered, issued, executed or renewed  
2 in this State pursuant to P.L.1973, c.337 (C.26:2J-1 et seq.) or  
3 approved for issuance or renewal in this State by the Commissioner of  
4 Health and Senior Services, on or after the effective date of this act  
5 shall provide health care services for mental illness under the same  
6 terms and conditions as provided for any other sickness under the  
7 agreement. "Mental illness" means the same as defined in the  
8 Diagnostic and Statistical Manual of Mental Disorders.

9 The provisions of this section shall apply to enrollee agreements in  
10 which the health maintenance organization has reserved the right to  
11 change the premium.

12  
13 9. An employer in this State who provides health benefits coverage  
14 to his employees or their dependents for treatment of mental illness  
15 shall annually, and upon request of an employee at other times during  
16 the year, notify his employees whether the employees' coverage for  
17 treatment of mental illness is subject to the requirements of this act.

18  
19 10. This act shall take effect on the 90th day after enactment and  
20 shall apply to contracts, policies and enrollee agreements issued or  
21 renewed on or after that date.

22  
23  
24 STATEMENT

25  
26 This bill requires hospital service corporations, medical service  
27 corporations, health service corporations, commercial individual and  
28 group health insurers, health maintenance organizations and health  
29 benefits plans issued pursuant to the New Jersey Individual Health  
30 Coverage and Small Employer Health Benefits Programs to provide  
31 health benefits coverage for the treatment of mental illness under the  
32 same terms and conditions as provided for any other sickness. By  
33 requiring health benefits coverage for the treatment of mental illness,  
34 the bill promotes the relief and alleviation of health and medical  
35 problems which affect a significant portion of the population.

36 The bill defines "mental illness" as it is defined in the Diagnostic  
37 and Statistical Manual of Mental Disorders.

38 The bill also provides that an employer in this State who provides  
39 health benefits coverage to his employees or their dependents for  
40 treatment of mental illness shall annually, and upon request of an  
41 employee at other times during the year, notify his employees whether  
42 the employees' coverage for treatment of mental illness is subject to  
43 the requirements of the bill.

SENATE SENIOR CITIZENS, VETERANS' AFFAIRS AND  
HUMAN SERVICES COMMITTEE

STATEMENT TO

**SENATE, No. 86**

with committee amendments

**STATE OF NEW JERSEY**

DATED: MARCH 23, 1998

The Senate Senior Citizens, Veterans' Affairs and Human Services Committee reports favorably and with committee amendments Senate Bill No. 86.

As amended by committee, this bill requires hospital, medical and health service corporations, commercial individual and group health insurers and health maintenance organizations to provide health benefits coverage for the treatment of biologically-based mental illness under the same terms and conditions as provided for any other sickness. By requiring health benefits coverage for the treatment of biologically-based mental illness, the bill promotes the relief and alleviation of health and medical problems which affect a significant portion of the population.

The bill defines "biologically-based mental illness" 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. "Same terms and conditions" is defined to mean that the health plan cannot apply different copayments, deductibles or benefit limits to biologically-based mental health benefits than those applied to other medical or surgical benefits.

The bill also provides that an employer in this State who provides health benefits coverage to his employees or their dependents for treatment of biologically-based mental illness shall annually, and upon request of an employee at other times during the year, notify his employees whether the employees' coverage for treatment of biologically-based mental illness is subject to the requirements of the bill.

The committee adopted amendments to:

- revise the definition of "mental illness" so that it refers to

biologically-based mental illness;

- add a definition for "same terms and conditions;" and

- clarify that this bill shall not be construed to change the manner in which health insurance carriers determine whether a mental health care service meets the medical necessity standard, or which providers shall be entitled to reimbursement for providing mental health services under the policy.

This bill was prefiled for introduction in the 1998-99 session pending technical review. As reported, the bill includes the changes required by technical review which has been performed.

# **LEGISLATIVE FISCAL ESTIMATE**

[First Reprint]

## **SENATE, No. 86**

# **STATE OF NEW JERSEY**

## **208th LEGISLATURE**

DATED: SEPTEMBER 15, 1999

Senate Bill No. 86 (1R) of 1998 requires that individual and group hospital service contracts providing hospital or medical expense benefits offer coverage for the treatment of biologically-based mental illness under the same terms and conditions as those provided for any other sickness covered under the contract. The bill defines "biologically-based mental illness" 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.

### **OFFICE OF LEGISLATIVE SERVICES COMMENTS**

The State Health Benefits Program (SHBP) is a multiple option program offering: 1) a fee-for-service Traditional Plan (Blue Cross/Blue Shield/Major Medical); 2) ten Health Maintenance Organizations (HMO's); and 3) a hybrid of the two, NJ Plus, also known as a Point-of-Service (POS) plan. The Traditional Plan and NJ Plus are experienced-based self-insurance programs, meaning that the money paid out for claims comes directly from pooled contributions of employers (State and local governments), employees and retirees. In addition, the SHBP has a self-funded arrangement with several of the ten HMOs.

The bill mandates that companies providing health insurance, but not employers who self-insure their health insurance liability, offer the same co-payments, deductibles or benefit limits for biologically-based mental illness as those applied to other medical or surgical benefits.

According to information contained in the January 21, 1998 SHBP Financial Projections and Claim Analysis Report, prepared by Buck Consultants, Inc., approximately 88 percent of all State and local government employees and non-Medicare retirees currently participate in a self-insured component of the SHBP. This would leave 12 percent, or approximately 26,406 employees and non-Medicare retirees, receiving health insurance from non-self-insured HMOs. Based on information from a Buck report, the average premium for

State and local government employees and non-Medicare eligible retirees enrolled in HMOs was \$4,317 in FY98. Therefore, an estimated \$114 million in SHBP premiums will be paid to non-self-insured HMOs ( $26,406 \times \$4,317 = \$114$  million) who would be affected by the provisions of this bill.

According to the United States Department of Health and Human Services report, The Costs and Effects of Parity for Mental Health and Substance Abuse - Insurance Benefits, full parity for mental health service is estimated to increase premiums (costs) by approximately 3.4 percent, on average. However, the amount of increase varies by type of plan. Traditional fee-for-service and preferred provider organizations would have a five percent premium increase. In contrast, HMOs that tightly manage care would have only a 0.6 percent premium increase.

Based on these percentages from the Department of Health and Human Services study, the potential range for the increase in premiums (costs) would be \$684,000 ( $.006 \times \$114 = \$684,000$ ) and \$3,876,000 ( $.034 \times \$114 = \$3,876,000$ ). Since 71 percent of the HMO enrollment are State employees and retirees, the cost to the State would be between \$485,640 and \$2,751,960 and the cost to local governments would be between \$198,360 and \$1,124,040.

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67.



# **ASSEMBLY, No. 660**

## **STATE OF NEW JERSEY**

### **208th LEGISLATURE**

PRE-FILED FOR INTRODUCTION IN THE 1998 SESSION

**Sponsored by:**

**Assemblywoman CHARLOTTE VANDERVALK**

**District 39 (Bergen)**

**Assemblywoman JOAN M. QUIGLEY**

**District 32 (Bergen and Hudson)**

**Co-Sponsored by:**

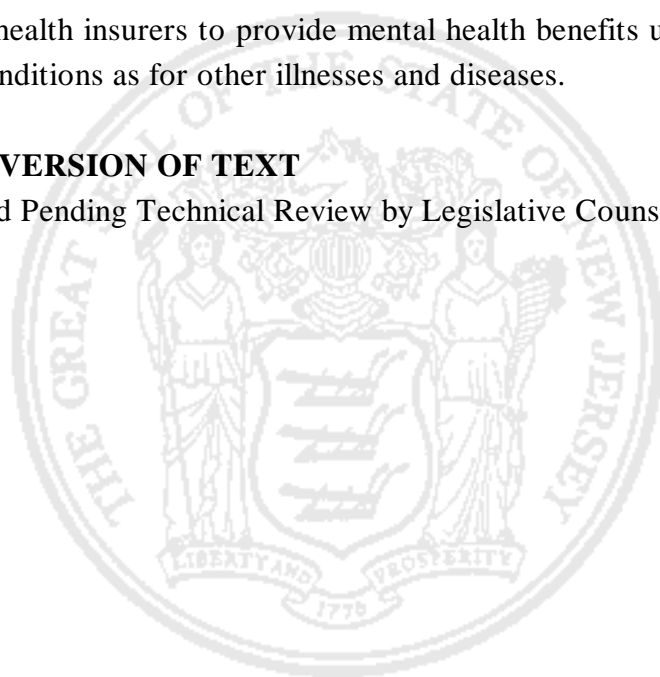
**Assemblyman Blee, Assemblywoman Friscia, Assemblyman LeFevre, Assemblywoman Weinberg, Assemblyman Felice, Assemblywoman Wright, Assemblymen Gusciora, Gibson, Weingarten, Lance, Barnes and Assemblywoman Buono**

**SYNOPSIS**

Requires health insurers to provide mental health benefits under the same terms and conditions as for other illnesses and diseases.

**CURRENT VERSION OF TEXT**

Introduced Pending Technical Review by Legislative Counsel.



**(Sponsorship Updated As Of: 11/17/1998)**

1 AN ACT concerning health insurance benefits for mental health and  
2 supplementing various parts of the statutory law.

3

4 **BE IT ENACTED** *by the Senate and General Assembly of the State*  
5 *of New Jersey:*

6

7 1. Every individual and group hospital service corporation contract  
8 that provides hospital or medical expense benefits and is delivered,  
9 issued, executed or renewed in this State pursuant to P.L.1938, c.366  
10 (C.17:48-1 et seq.), or approved for issuance or renewal in this State  
11 by the Commissioner of Banking and Insurance, on or after the  
12 effective date of this act shall provide coverage for mental illness  
13 under the same terms and conditions as provided for any other  
14 sickness under the contract. "Mental illness" means the same as  
15 defined in the Diagnostic and Statistical Manual of Mental Disorders.

16 The provisions of this section shall apply to all contracts in which  
17 the hospital service corporation has reserved the right to change the  
18 premium.

19

20 2. Every individual and group medical service corporation contract  
21 that provides hospital or medical expense benefits that is delivered,  
22 issued, executed or renewed in this State pursuant to P.L.1940, c.74  
23 (C.17:48A-1 et seq.), or approved for issuance or renewal in this State  
24 by the Commissioner of Banking and Insurance, on or after the  
25 effective date of this act shall provide coverage for mental illness  
26 under the same terms and conditions as provided for any other  
27 sickness under the contract. "Mental illness" means the same as  
28 defined in the Diagnostic and Statistical Manual of Mental Disorders.

29 The provisions of this section shall apply to all contracts in which  
30 the medical service corporation has reserved the right to change the  
31 premium.

32

33 3. Every individual and group health service corporation contract  
34 that provides hospital or medical expense benefits and is delivered,  
35 issued, executed or renewed in this State pursuant to P.L.1985, c.236  
36 (C.17:48E-1 et seq.), or approved for issuance or renewal in this State  
37 by the Commissioner of Banking and Insurance, on or after the  
38 effective date of this act shall provide coverage for mental illness  
39 under the same terms and conditions as provided for any other  
40 sickness under the contract. "Mental illness" means the same as  
41 defined in the Diagnostic and Statistical Manual of Mental Disorders.

42 The provisions of this section shall apply to all contracts in which  
43 the health service corporation has reserved the right to change the  
44 premium.

1       4. a. Every individual health insurance policy that provides  
2 hospital or medical expense benefits and is delivered, issued, executed  
3 or renewed in this State pursuant to chapter 26 of Title 17B of the  
4 New Jersey Statutes, or approved for issuance or renewal in this State  
5 by the Commissioner of Banking and Insurance, on or after the  
6 effective date of this act shall provide coverage for mental illness  
7 under the same terms and conditions as provided for any other  
8 sickness under the contract. "Mental illness" means the same as  
9 defined in the Diagnostic and Statistical Manual of Mental Disorders.

10       The provisions of this section shall apply to all policies in which the  
11 insurer has reserved the right to change the premium.

12

13       5. Every group health insurance policy that provides hospital or  
14 medical expense benefits and is delivered, issued, executed or renewed  
15 in this State pursuant to chapter 27 of Title 17B of the New Jersey  
16 Statutes, or approved for issuance or renewal in this State by the  
17 Commissioner of Banking and Insurance, on or after the effective date  
18 of this act shall provide benefits for mental illness under the same  
19 terms and conditions as provided for any other sickness under the  
20 policy. "Mental illness" means the same as defined in the Diagnostic  
21 and Statistical Manual of Mental Disorders.

22       The provisions of this section shall apply to all policies in which the  
23 insurer has reserved the right to change the premium.

24

25       6. Every individual health benefits plan that provides hospital or  
26 medical expense benefits and is delivered, issued, executed or renewed  
27 in this State pursuant to P.L.1992, c.161 (C.17B:27A-2 et seq.) or  
28 approved for issuance or renewal in this State on or after the effective  
29 date of this act shall provide benefits for mental illness under the same  
30 terms and conditions as provided for any other sickness under the  
31 health benefits plan. "Mental illness" means the same as defined in the  
32 Diagnostic and Statistical Manual of Mental Disorders.

33       The provisions of this section shall apply to all health benefits plans  
34 in which the carrier has reserved the right to change the premium.

35

36       7. Every small employer health benefits plan that provides hospital  
37 or medical expense benefits and is delivered, issued, executed or  
38 renewed in this State pursuant to P.L.1992, c.162 (C.17B:27A-17 et  
39 seq.) or approved for issuance or renewal in this State on or after the  
40 effective date of this act shall provide benefits for mental illness under  
41 the same terms and conditions as provided for any other sickness  
42 under the health benefits plan. "Mental illness" means the same as  
43 defined in the Diagnostic and Statistical Manual of Mental Disorders.

44       The provisions of this section shall apply to all health benefits plans  
45 in which the carrier has reserved the right to change the premium.



# ASSEMBLY BANKING AND INSURANCE COMMITTEE

## STATEMENT TO

### **ASSEMBLY, No. 660**

with Assembly committee amendments

# **STATE OF NEW JERSEY**

DATED: NOVEMBER 9, 1998

The Assembly Banking and Insurance Committee reports favorably and with committee amendments Assembly Bill No. 660.

As amended, this bill requires hospital service corporations, medical service corporations, health service corporations, commercial individual and group health insurers, health maintenance organizations and health benefits plans issued pursuant to the New Jersey Individual Health Coverage and Small Employer Health Benefits Programs to provide health benefits coverage for the treatment of biologically-based mental illness under the same terms and conditions as provided for any other sickness.

The bill defines "biologically-based mental illness" 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.

"Same terms and conditions" is defined to mean that the health benefits plan cannot apply different copayments, deductibles or benefit limits to biologically-based mental health benefits than those applied to other medical or surgical benefits. The bill also provides that its provisions shall not be construed to change the manner in which health insurance carriers determine whether a mental health care service meets the medical necessity standard, or which providers shall be entitled to reimbursement for providing mental health services under the policy.

Finally, the bill provides that an employer in this State who provides health benefits coverage to his employees or their dependents for treatment of biologically-based mental illness shall annually, and upon request of an employee at other times during the year, notify his employees whether the employees' coverage for treatment of biologically-based mental illness is subject to the requirements of the bill.

As reported, this bill is identical to Senate Bill No. 86 (1R).

[First Reprint]

**ASSEMBLY, No. 660**

**STATE OF NEW JERSEY**  
**208th LEGISLATURE**

PRE-FILED FOR INTRODUCTION IN THE 1998 SESSION

**Sponsored by:**

**Assemblywoman CHARLOTTE VANDERVALK**

**District 39 (Bergen)**

**Assemblywoman JOAN M. QUIGLEY**

**District 32 (Bergen and Hudson)**

**Co-Sponsored by:**

**Assemblyman Blee, Assemblywoman Friscia, Assemblyman LeFevre, Assemblywoman Weinberg, Assemblyman Felice, Assemblywoman Wright, Assemblymen Gusciora, Gibson, Weingarten, Lance, Barnes, Assemblywoman Buono, Assemblymen DeCroce, Greenwald, Assemblywoman Previte, Assemblymen R.Smith, Caraballo, Bodine, Wisniewski, Zecker, Talarico and Thompson**

**SYNOPSIS**

Requires health insurers to provide mental health benefits under the same terms and conditions as for other illnesses and diseases.

**CURRENT VERSION OF TEXT**

As reported by the Assembly Banking and Insurance Committee on November 9, 1998.

(Sponsorship Updated As Of: 3/30/1999)

1 AN ACT concerning health insurance benefits for mental health and  
2 supplementing various parts of the statutory law.

3

4 **BE IT ENACTED** by the Senate and General Assembly of the State  
5 of New Jersey:

6

7 1. <sup>1</sup>a.<sup>1</sup> Every individual and group hospital service corporation  
8 contract that provides hospital or medical expense benefits and is  
9 delivered, issued, executed or renewed in this State pursuant to  
10 P.L.1938, c.366 (C.17:48-1 et seq.), or approved for issuance or  
11 renewal in this State by the Commissioner of Banking and Insurance,  
12 on or after the effective date of this act shall provide coverage for  
13 'biologically-based' mental illness under the same terms and  
14 conditions as provided for any other sickness under the contract.  
15 "**[Mental] Biologically-based mental**" illness" means <sup>1</sup>**[**the same as  
16 defined in the Diagnostic and Statistical Manual of Mental Disorders.]  
17 a mental or nervous condition that is caused by a biological disorder  
18 of the brain and results in a clinically significant or psychological  
19 syndrome or pattern that substantially limits the functioning of the  
20 person with the illness, including but not limited to, schizophrenia,  
21 schizoaffective disorder, major depressive disorder, bipolar disorder,  
22 paranoia and other psychotic disorders, obsessive-compulsive disorder,  
23 panic disorder and pervasive developmental disorder or autism.

24 "Same terms and conditions" means that the hospital service  
25 corporation cannot apply different copayments, deductibles or benefit  
26 limits to biologically-based mental health benefits than those applied  
27 to other medical or surgical benefits.

28 b. Nothing in this section shall be construed to change the manner  
29 in which a hospital service corporation determines:

30 (1) whether a mental health care service meets the medical necessity  
31 standard as established by the hospital service corporation; or

32 (2) which providers shall be entitled to reimbursement for providing  
33 services for mental illness under the contract.

34 c.<sup>1</sup> The provisions of this section shall apply to all contracts in  
35 which the hospital service corporation has reserved the right to change  
36 the premium.

37

38 2. <sup>1</sup>a.<sup>1</sup> Every individual and group medical service corporation  
39 contract that provides hospital or medical expense benefits that is  
40 delivered, issued, executed or renewed in this State pursuant to  
41 P.L.1940, c.74 (C.17:48A-1 et seq.), or approved for issuance or

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

**Matter underlined thus is new matter.**

**Matter enclosed in superscript numerals has been adopted as follows:**

<sup>1</sup> Assembly ABI committee amendments adopted November 9, 1998.

1 renewal in this State by the Commissioner of Banking and Insurance,  
2 on or after the effective date of this act shall provide coverage for  
3 <sup>1</sup>biologically-based<sup>1</sup> mental illness under the same terms and  
4 conditions as provided for any other sickness under the contract.  
5 "<sup>1</sup>[Mental] Biologically-based mental<sup>1</sup> illness" means <sup>1</sup> [the same as  
6 defined in the Diagnostic and Statistical Manual of Mental Disorders.]  
7 a mental or nervous condition that is caused by a biological disorder  
8 of the brain and results in a clinically significant or psychological  
9 syndrome or pattern that substantially limits the functioning of the  
10 person with the illness, including but not limited to, schizophrenia,  
11 schizoaffective disorder, major depressive disorder, bipolar disorder,  
12 paranoia and other psychotic disorders, obsessive-compulsive disorder,  
13 panic disorder and pervasive developmental disorder or autism.

14 "Same terms and conditions" means that the medical service  
15 corporation cannot apply different copayments, deductibles or benefit  
16 limits to biologically-based mental health benefits than those applied  
17 to other medical or surgical benefits.

18 b. Nothing in this section shall be construed to change the manner  
19 in which a medical service corporation determines:

20 (1) whether a mental health care service meets the medical necessity  
21 standard as established by the medical service corporation; or

22 (2) which providers shall be entitled to reimbursement for providing  
23 services for mental illness under the contract.

24 c.<sup>1</sup> The provisions of this section shall apply to all contracts in  
25 which the medical service corporation has reserved the right to change  
26 the premium.

27  
28 3. <sup>1</sup>a.<sup>1</sup> Every individual and group health service corporation  
29 contract that provides hospital or medical expense benefits and is  
30 delivered, issued, executed or renewed in this State pursuant to  
31 P.L.1985, c.236 (C.17:48E-1 et seq.), or approved for issuance or  
32 renewal in this State by the Commissioner of Banking and Insurance,  
33 on or after the effective date of this act shall provide coverage for  
34 <sup>1</sup>biologically-based<sup>1</sup> mental illness under the same terms and  
35 conditions as provided for any other sickness under the contract.  
36 "<sup>1</sup>[Mental] Biologically-based mental<sup>1</sup> illness" means <sup>1</sup> [the same as  
37 defined in the Diagnostic and Statistical Manual of Mental Disorders.]  
38 a mental or nervous condition that is caused by a biological disorder  
39 of the brain and results in a clinically significant or psychological  
40 syndrome or pattern that substantially limits the functioning of the  
41 person with the illness, including but not limited to, schizophrenia,  
42 schizoaffective disorder, major depressive disorder, bipolar disorder,  
43 paranoia and other psychotic disorders, obsessive-compulsive disorder,  
44 panic disorder and pervasive developmental disorder or autism.

45 "Same terms and conditions" means that the health service  
46 corporation cannot apply different copayments, deductibles or benefit



1 limits to biologically-based mental health benefits than those applied  
2 to other medical or surgical benefits.

3 b. Nothing in this section shall be construed to change the manner  
4 in which the health service corporation determines:

5 (1) whether a mental health care service meets the medical necessity  
6 standard as established by the health service corporation; or

7 (2) which providers shall be entitled to reimbursement for  
8 providing services for mental illness under the contract.

9 c.<sup>1</sup> The provisions of this section shall apply to all contracts in  
10 which the health service corporation has reserved the right to change  
11 the premium.

12  
13 4. <sup>1</sup>a.<sup>1</sup> Every individual health insurance policy that provides  
14 hospital or medical expense benefits and is delivered, issued, executed  
15 or renewed in this State pursuant to chapter 26 of Title 17B of the  
16 New Jersey Statutes, or approved for issuance or renewal in this State  
17 by the Commissioner of Banking and Insurance, on or after the  
18 effective date of this act shall provide coverage for <sup>1</sup>biologically-  
19 based<sup>1</sup> mental illness under the same terms and conditions as provided  
20 for any other sickness under the contract. "<sup>1</sup>【Mental】 Biologically-  
21 based mental<sup>1</sup> illness" means <sup>1</sup>【the same as defined in the Diagnostic  
22 and Statistical Manual of Mental Disorders.】 a mental or nervous  
23 condition that is caused by a biological disorder of the brain and  
24 results in a clinically significant or psychological syndrome or pattern  
25 that substantially limits the functioning of the person with the illness,  
26 including but not limited to, schizophrenia, schizoaffective disorder,  
27 major depressive disorder, bipolar disorder, paranoia and other  
28 psychotic disorders, obsessive-compulsive disorder, panic disorder and  
29 pervasive developmental disorder or autism.

30 "Same terms and conditions" means that the insurer cannot apply  
31 different copayments, deductibles or benefit limits to biologically-  
32 based mental health benefits than those applied to other medical or  
33 surgical benefits.

34 b. Nothing in this section shall be construed to change the manner  
35 in which the insurer determines:

36 (1) whether a mental health care service meets the medical necessity  
37 standard as established by the insurer; or

38 (2) which providers shall be entitled to reimbursement for providing  
39 services for mental illness under the policy.

40 c.<sup>1</sup> The provisions of this section shall apply to all policies in which  
41 the insurer has reserved the right to change the premium.

42  
43 5. <sup>1</sup>a.<sup>1</sup> Every group health insurance policy that provides hospital  
44 or medical expense benefits and is delivered, issued, executed or  
45 renewed in this State pursuant to chapter 27 of Title 17B of the New  
46 Jersey Statutes, or approved for issuance or renewal in this State by

1 the Commissioner of Banking and Insurance, on or after the effective  
2 date of this act shall provide benefits for <sup>1</sup>biologically-based<sup>1</sup> mental  
3 illness under the same terms and conditions as provided for any other  
4 sickness under the policy. "<sup>1</sup>**[Mental]** Biologically-based mental<sup>1</sup>  
5 illness" means <sup>1</sup>[the same as defined in the Diagnostic and Statistical  
6 Manual of Mental Disorders.] a mental or nervous condition that is  
7 caused by a biological disorder of the brain and results in a clinically  
8 significant or psychological syndrome or pattern that substantially  
9 limits the functioning of the person with the illness, including but not  
10 limited to, schizophrenia, schizoaffective disorder, major depressive  
11 disorder, bipolar disorder, paranoia and other psychotic disorders,  
12 obsessive-compulsive disorder, panic disorder and pervasive  
13 developmental disorder or autism.

14 "Same terms and conditions" means that the insurer cannot apply  
15 different copayments, deductibles or benefit limits to biologically-  
16 based mental health benefits than those applied to other medical or  
17 surgical benefits.

18 b. Nothing in this section shall be construed to change the manner  
19 in which the insurer determines:

20 (1) whether a mental health care service meets the medical necessity  
21 standard as established by the insurer; or

22 (2) which providers shall be entitled to reimbursement for providing  
23 services for mental illness under the policy.

24 c.<sup>1</sup> The provisions of this section shall apply to all policies in which  
25 the insurer has reserved the right to change the premium.

26

27 6. <sup>1</sup>a.<sup>1</sup> Every individual health benefits plan that provides hospital  
28 or medical expense benefits and is delivered, issued, executed or  
29 renewed in this State pursuant to P.L.1992, c.161 (C.17B:27A-2 et  
30 seq.) or approved for issuance or renewal in this State on or after the  
31 effective date of this act shall provide benefits for <sup>1</sup>biologically-based<sup>1</sup>  
32 mental illness under the same terms and conditions as provided for any  
33 other sickness under the health benefits plan. "<sup>1</sup>**[Mental]** Biologically-  
34 based mental<sup>1</sup> illness" means <sup>1</sup>[the same as defined in the Diagnostic  
35 and Statistical Manual of Mental Disorders.] a mental or nervous  
36 condition that is caused by a biological disorder of the brain and  
37 results in a clinically significant or psychological syndrome or pattern  
38 that substantially limits the functioning of the person with the illness,  
39 including but not limited to, schizophrenia, schizoaffective disorder,  
40 major depressive disorder, bipolar disorder, paranoia and other  
41 psychotic disorders, obsessive-compulsive disorder, panic disorder and  
42 pervasive developmental disorder or autism.

43 "Same terms and conditions" means that the plan cannot apply  
44 different copayments, deductibles or benefit limits to biologically-  
45 based mental health benefits than those applied to other medical or  
46 surgical benefits.

1 b. Nothing in this section shall be construed to change the manner  
2 in which the carrier determines:

3 (1) whether a mental health care service meets the medical necessity  
4 standard as established by the carrier; or

5 (2) which providers shall be entitled to reimbursement for providing  
6 services for mental illness under the plan.

7 c.<sup>1</sup> The provisions of this section shall apply to all health benefits  
8 plans in which the carrier has reserved the right to change the  
9 premium.

10  
11 7. <sup>1</sup>a.<sup>1</sup> Every small employer health benefits plan that provides  
12 hospital or medical expense benefits and is delivered, issued, executed  
13 or renewed in this State pursuant to P.L.1992, c.162 (C.17B:27A-17  
14 et seq.) or approved for issuance or renewal in this State on or after  
15 the effective date of this act shall provide benefits for <sup>1</sup>biologically-  
16 based<sup>1</sup> mental illness under the same terms and conditions as provided  
17 for any other sickness under the health benefits plan. "<sup>1</sup>**[Mental]**  
18 **Biologically-based mental**<sup>1</sup> illness" means <sup>1</sup>**[**the same as defined in the  
19 Diagnostic and Statistical Manual of Mental Disorders.**]** a mental or  
20 nervous condition that is caused by a biological disorder of the brain  
21 and results in a clinically significant or psychological syndrome or  
22 pattern that substantially limits the functioning of the person with the  
23 illness, including but not limited to, schizophrenia, schizoaffective  
24 disorder, major depressive disorder, bipolar disorder, paranoia and  
25 other psychotic disorders, obsessive-compulsive disorder, panic  
26 disorder and pervasive developmental disorder or autism.

27 "Same terms and conditions" means that the plan cannot apply  
28 different copayments, deductibles or benefit limits to biologically-  
29 based mental health benefits than those applied to other medical or  
30 surgical benefits.

31 b. Nothing in this section shall be construed to change the manner  
32 in which the carrier determines:

33 (1) whether a mental health care service meets the medical necessity  
34 standard as established by the carrier; or

35 (2) which providers shall be entitled to reimbursement for  
36 providing services for mental illness under the health benefits plan.

37 c.<sup>1</sup> The provisions of this section shall apply to all health benefits  
38 plans in which the carrier has reserved the right to change the  
39 premium.

40  
41 8. <sup>1</sup>a.<sup>1</sup> Every enrollee agreement delivered, issued, executed or  
42 renewed in this State pursuant to P.L.1973, c.337 (C.26:2J-1 et seq.)  
43 or approved for issuance or renewal in this State by the Commissioner  
44 of Health and Senior Services, on or after the effective date of this act  
45 shall provide health care services for <sup>1</sup>biologically-based<sup>1</sup> mental  
46 illness under the same terms and conditions as provided for any other

1 sickness under the agreement. "<sup>1</sup>**[Mental]** Biologically-based  
2 mental<sup>1</sup> illness" means <sup>1</sup>**[**the same as defined in the Diagnostic and  
3 Statistical Manual of Mental Disorders.**]** a mental or nervous  
4 condition that is caused by a biological disorder of the brain and  
5 results in a clinically significant or psychological syndrome or pattern  
6 that substantially limits the functioning of the person with the illness,  
7 including but not limited to, schizophrenia, schizoaffective disorder,  
8 major depressive disorder, bipolar disorder, paranoia and other  
9 psychotic disorders, obsessive-compulsive disorder, panic disorder and  
10 pervasive developmental disorder or autism.

11 "Same terms and conditions" means that the health maintenance  
12 organization cannot apply different copayments, deductibles or health  
13 care services limits to biologically-based mental health care services  
14 than those applied to other medical or surgical health care services.

15 b. Nothing in this section shall be construed to change the manner  
16 in which a health maintenance organization determines:

17 (1) whether a mental health care service meets the medical necessity  
18 standard as established by the health maintenance organization; or

19 (2) which providers shall be entitled to reimbursement or to be  
20 participating providers, as appropriate, for mental health services  
21 under the enrollee agreement.

22 c.<sup>1</sup> The provisions of this section shall apply to enrollee  
23 agreements in which the health maintenance organization has reserved  
24 the right to change the premium.

25

26 9. An employer in this State who provides health benefits coverage  
27 to his employees or their dependents for treatment of <sup>1</sup>biologically-  
28 based<sup>1</sup> mental illness shall annually, and upon request of an employee  
29 at other times during the year, notify his employees whether the  
30 employees' coverage for treatment of <sup>1</sup>biologically-based<sup>1</sup> mental  
31 illness is subject to the requirements of this act.

32

33 10. This act shall take effect on the 90th day after enactment and  
34 shall apply to contracts, policies and enrollee agreements issued or  
35 renewed on or after that date.

## **Governor Signs Legislation Requiring Extension of Mental Health Benefits**

Gov. Christie Whitman today signed legislation that requires health insurers in New Jersey to extend mental health benefits under the same conditions that apply to other illnesses and diseases.

"For too long those who have suffered with serious mental illnesses have not received needed services because treatment of such illnesses was not covered by insurance," the Governor said. "I'm talking about people with illnesses such as schizophrenia, bipolar disorders, major depressive disorders, paranoia, or those who have a pervasive developmental disorder, or autism."

"With this legislation, patients who are being treated for these biologically-based mental illnesses will get the coverage they need," she said. "They will pay the same co-payment or deductible as everyone else. And their policies will have the same benefit limits that apply to other medical or surgical benefits."

"We don't intend to tell insurers how they should determine whether a mental health care service meets the standard of medical necessity. And we don't expect to dictate which providers will be entitled to reimbursement for providing mental illness services under the policy. Those decisions rest with the insurance company," the Governor said.

"But we do intend to see that those who have a biologically-based mental illness get equal health care treatment under the law. And we know that high-quality mental health means a better quality of life. We can't afford -- as a state or a society -- to have serious mental illnesses go untreated," Gov. Whitman said.

"Recent incidents of violence across the country demonstrate that mental illness must be treated promptly and effectively, or else we all suffer," she said.

The legislation, S-86, was sponsored by Senators C. Louis Bassano (R-Essex/Union) and Richard J. Codey (D-Essex) and Assembly Members Charlotte Vandervalk (R-Bergen) and Joan M. Quigley (D-Bergen/Hudson). It requires hospital, medical and health service corporations, commercial individual and group health insurers, health maintenance organizations and

health benefits plans issued pursuant to the New Jersey Individual Health Coverage and Small Employer Health Benefits Programs to provide health benefits coverage for the treatment of biologically-based mental illness under the same terms and conditions as provided for any other sickness.

The bill defines biologically-based mental illness 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 function of the person with the illness, including, but not limited to, specified illness such as schizophrenia, depression, autism, etc.

The legislation clarifies that it should not be read to change the manner in which the insurer determines (1) whether a mental health care service meets the medical necessity standards as established by the insurer or (2) which providers shall be entitled to reimbursement for providing services for mental illness under the policy.

It also provides that an employer who provides health benefits coverage to his or her employees or their dependents for treatment of mental illness shall annually, and upon request of an employee at other times during the year, notify the employees whether the employees' coverage for treatment of mental illness is subject to the requirements of the bill.