

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2005

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HOUSE DRH50197-LN-92\* (2/22)

Short Title: Mental Health Parity. (Public)

Sponsors: Representatives Alexander, Hackney, Insko, and Wainwright (Primary Sponsors).

Referred to:

A BILL TO BE ENTITLED  
AN ACT TO REQUIRE PARITY IN HEALTH INSURANCE COVERAGE FOR  
MENTAL ILLNESS AND CHEMICAL DEPENDENCY.

The General Assembly of North Carolina enacts:

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

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

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

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

(2) 'Health benefit plan' has the same meaning as in G.S. 58-3-167.

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

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

(b1) Weighted Average. – If a group health benefit plan contains annual limits, lifetime limits, co-payments, deductibles, or coinsurance only on selected physical

1 illness and injury benefits, and these benefits do not represent substantially all of the  
2 physical illness and injury benefits under the health benefit plan, then the insurer may  
3 impose limits on the chemical dependency treatment benefits based on a weighted  
4 average of the respective annual, lifetime, co-payment, deductible, or coinsurance limits  
5 on the selected physical illness and injury benefits. The weighted average shall be  
6 calculated in accordance with rules adopted by the Commissioner.

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

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

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

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

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

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

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

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

36 b. Medical units;

37 c. Psychiatric units; and

38 (2) The following facilities or programs licensed ~~after July 1, 1984, under~~  
39 ~~Article 2 of General Statutes Chapter 122C; under Article 2 of Chapter~~  
40 122C of the General Statutes:

41 a. Chemical dependency units in psychiatric hospitals;

42 b. Chemical dependency hospitals;

43 c. Residential chemical dependency treatment facilities;

44 d. Social setting detoxification facilities or programs;

- 1 e. Medical detoxification or programs; and  
 2 (3) Duly licensed physicians and duly licensed practicing psychologists  
 3 and certified professionals working under the direct supervision of  
 4 such physicians or psychologists in facilities described in (1) and (2)  
 5 above and in day/night programs or outpatient treatment facilities  
 6 licensed after July 1, 1984, under Article 2 of General Statutes Chapter  
 7 ~~122C~~ under Article 2 of Chapter 122C of the General Statutes.  
 8 (4) Duly licensed clinical social workers, duly certified substance abuse  
 9 professionals, and licensed professional counselors working within the  
 10 scope of practice in facilities described in subdivisions (1) and (2) of  
 11 this subsection and in day/night programs or outpatient treatment  
 12 facilities licensed under Article 2 of Chapter 122C of the General  
 13 Statutes.

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

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

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

21 "§ 58-51-55. No discrimination against ~~the~~ **mentally ill and chemically**  
 22 **dependent individuals.**

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

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

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

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

- 41 (1) Refuse to issue or deliver to that individual any policy that affords  
 42 benefits or coverages for any medical treatment or service for physical  
 43 illness or injury;

- 1           (2)    Have a higher premium rate or charge for physical illness or injury  
2                    coverages or benefits for that individual; or  
3           (3)    Reduce physical illness or injury coverages or benefits for that  
4                    individual.

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

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

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

40       ~~(d)    Applicability. — Subsection (b1) of this section applies only to group health~~  
41 ~~insurance contracts, other than excepted benefits as defined in G.S. 58-68-25, covering~~  
42 ~~more than 50 employees. The remainder of this section applies only to group health~~  
43 ~~insurance contracts covering 20 or more employees. For purposes of this section, "group~~  
44 ~~health insurance contracts" include MEWAs, as defined in G.S. 58-49-30(a)."~~

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

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

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

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

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

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

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

31           (1) 'Health benefit plan' has the same meaning as in G.S. 58-3-167.

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

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

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

41 **"§ 58-65-75. Coverage for chemical dependency treatment.**

42       (a) Definition. – As used in this section, the term 'chemical dependency' means  
43 the pathological use or abuse of alcohol or other drugs in a manner or to a degree that

1 produces an impairment in personal, social, or occupational functioning and which may,  
2 but need not, include a pattern of tolerance and withdrawal.

3 (b) Chemical Dependency Parity Requirement. – Every group insurance  
4 certificate or group subscriber contract under any hospital or medical plan governed by  
5 this Article and Article 66 of this Chapter that is issued, renewed, or amended on or  
6 after January 1, 1985, shall offer shall provide to its insureds benefits for the necessary  
7 care and treatment of chemical dependency that are not less favorable than benefits for  
8 physical illness generally. ~~Except as provided in subsection (c) of this section,~~  
9 benefitsBenefits for chemical dependency shall be subject to the same ~~durational limits,~~  
10 ~~dollar limits, deductibles, and coinsurance factors~~ limits as are benefits for physical  
11 illness 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 (b1) Weighted Average. – If a hospital or medical plan governed by this Article  
15 contains annual limits, lifetime limits, co-payments, deductibles, or coinsurance only on  
16 selected physical illness and injury benefits, and these benefits do not represent  
17 substantially all of the physical illness and injury benefits under the plan, then the group  
18 insurance certificate or group subscriber contract may impose limits on the chemical  
19 dependency treatment benefits based on a weighted average of the respective annual,  
20 lifetime, co-payment, deductible, or coinsurance limits on the selected physical illness  
21 and injury benefits. The weighted average shall be calculated in accordance with rules  
22 adopted by the Commissioner.

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

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

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

- 39 ~~(1) The certificate or contract shall provide, for each 12-month period, a~~  
40 ~~minimum benefit of eight thousand dollars (\$8,000) for the necessary~~  
41 ~~care and treatment of chemical dependency.~~
- 42 ~~(2) The certificate or contract shall provide a minimum benefit of sixteen~~  
43 ~~thousand dollars (\$16,000) for the necessary care and treatment of~~  
44 ~~chemical dependency for the life of the certificate or contract.~~

1 (d) Provisions for benefits for necessary care and treatment of chemical  
2 dependency in group certificates or group contracts shall provide for benefit payments  
3 for the following providers of necessary care and treatment of chemical dependency:

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

6 a. ~~Chemical dependency units in facilities licensed after October~~  
7 ~~1, 1984; licensed facilities;~~

8 b. Medical units;

9 c. Psychiatric units; and

10 (2) The following facilities or programs licensed ~~after July 1, 1984, under~~  
11 ~~Article 2 of General Statutes Chapter 122C:under Article 2 of Chapter~~  
12 ~~122C of the General Statutes:~~

13 a. Chemical dependency units in psychiatric hospitals;

14 b. Chemical dependency hospitals;

15 c. Residential chemical dependency treatment facilities;

16 d. Social setting detoxification facilities or programs;

17 e. Medical detoxification facilities or programs; and

18 (3) Duly licensed physicians and duly licensed psychologists and certified  
19 professionals working under the direct supervision of such physicians  
20 or psychologists in facilities described in (1) and (2) above and in  
21 day/night programs or outpatient treatment facilities licensed ~~after July~~  
22 ~~1, 1984, under Article 2 of General Statutes Chapter 122C:under~~  
23 ~~Article 2 of Chapter 122C of the General Statutes. After January 1,~~  
24 ~~1995, "duly licensed psychologist" "Duly licensed psychologist" shall be~~  
25 ~~defined as means~~ licensed psychologists who hold permanent licensure  
26 and certification as health services provider psychologist issued by the  
27 North Carolina Psychology Board.

28 (4) Duly licensed clinical social workers, duly certified substance abuse  
29 professionals, and licensed professional counselors working within the  
30 scope of practice in facilities described in subdivisions (1) and (2) of  
31 this subsection and in day/night programs or outpatient treatment  
32 facilities licensed under Article 2 of Chapter 122C of the General  
33 Statutes.

34 Provided, however, that nothing in this subsection shall prohibit any certificate or  
35 contract from requiring the most cost effective treatment setting to be utilized by the  
36 person undergoing necessary care and treatment for chemical dependency.

37 ~~(e) Coverage for chemical dependency treatment as described in this section shall~~  
38 ~~not be applicable to any group certificate holder or group subscriber contract holder~~  
39 ~~who rejects the coverage in writing."~~

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

41 "**§ 58-65-90. No discrimination against ~~the~~ mentally ill and chemically**  
42 **dependent.dependent individuals.**

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

1 (1) 'Mental illness' has the same meaning as defined in G.S. 122C-3(21);  
2 and G.S. 122C-3(21), with a mental disorder defined in the Diagnostic  
3 and Statistical Manual of Mental Disorders, DSM-IV, or a subsequent  
4 edition published by the American Psychiatric Association, except  
5 those mental disorders coded in the DSM-IV or subsequent edition as  
6 substance-related disorders (291.0 through 292.9 and 303.0 through  
7 305.9) and those coded as 'V' codes.

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

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

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

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

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

23 (3) Reduce physical illness or injury coverages or benefits for that  
24 individual.

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

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

32 (2) ~~If the subscriber contract contains lifetime limits only on selected~~  
33 ~~physical illness or injury benefits, and these benefits do not represent~~  
34 ~~substantially all of the physical illness and injury benefits under the~~  
35 ~~subscriber contract, the service corporation may impose a lifetime~~  
36 ~~limit on the mental health benefits that is based on a weighted average~~  
37 ~~of the respective lifetime limits on the selected physical illness and~~  
38 ~~injury benefits. The weighted average shall be calculated in~~  
39 ~~accordance with rules adopted by the Commissioner.~~

40 (3) ~~If the subscriber contract contains annual limits only on selected~~  
41 ~~physical illness and injury benefits, and these benefits do not represent~~  
42 ~~substantially all of the physical illness and injury benefits under the~~  
43 ~~subscriber contract, the service corporation may impose an annual~~  
44 ~~limit on the mental health benefits that is based on a weighted average~~



1 of the respective annual limits on the selected physical illness and  
2 injury benefits. The weighted average shall be calculated in  
3 accordance with rules adopted by the Commissioner.

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

9 (5) If the service corporation offers two or more benefit package options  
10 under a subscriber contract, each package must comply with this  
11 subsection.

12 (6) This subsection does not apply to a subscriber contract if the service  
13 corporation can demonstrate to the Commissioner that compliance will  
14 increase the cost of the subscriber contract by one percent (1%) or  
15 more.

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

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

21 (d) ~~Applicability.~~ Subsection (b1) of this section applies only to subscriber  
22 contracts, other than excepted benefits as defined in G.S. 58-68-25, covering more than  
23 50 employees. The remainder of this section applies only to group contracts covering 20  
24 or more employees."

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

26 "**§ 58-67-70. Coverage for chemical dependency treatment.**

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

31 (b) Chemical Dependency Requirement. – ~~On and after January 1, 1985,~~  
32 ~~every~~Every health maintenance organization that writes a health care plan on a group  
33 basis and that is subject to this Article shall ~~offer~~provide benefits for the necessary care  
34 and treatment of chemical dependency that are not less favorable than benefits under the  
35 health care plan generally. ~~Except as provided in subsection (c) of this section, benefits~~  
36 Benefits for chemical dependency shall be subject to the same ~~durational limits, dollar~~  
37 ~~limits, deductibles, and coinsurance factors~~limits as are benefits under the health care  
38 plan generally. For purposes of this subsection, 'limits' includes durational limits,  
39 deductibles, coinsurance factors, co-payments, maximum out-of-pocket limits, annual  
40 and lifetime dollar limits, and any other dollar limits or fees for covered services.

41 (b1) Weighted Average. – If a group health plan contains annual limits, lifetime  
42 limits, co-payments, deductibles, or coinsurance only on selected physical illness and  
43 injury benefits, and these benefits do not represent substantially all of the physical  
44 illness and injury benefits under the plan, then the health maintenance organization may

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

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

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

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

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

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

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

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

31 a. ~~Chemical dependency units in facilities licensed after October~~  
32 ~~1, 1984; licensed facilities;~~

33 b. Medical units;

34 c. Psychiatric units; and

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

38 a. Chemical dependency units in psychiatric hospitals;

39 b. Chemical dependency hospitals;

40 c. Residential chemical dependency treatment facilities;

41 d. Social setting detoxification facilities or programs;

42 e. Medical detoxification facilities or programs; and

43 (3) Duly licensed physicians and duly licensed practicing psychologists  
44 and certified professionals working under the direct supervision of

1 such physicians or psychologists in facilities described in (1) and (2)  
2 above and in day/night programs or outpatient treatment facilities  
3 licensed after July 1, 1984, under Article 2 of General Statutes Chapter  
4 ~~122C~~ under Article 2 of Chapter 122C of the General Statutes.

5 (4) Duly licensed clinical social workers, duly certified substance abuse  
6 professionals, and licensed professional counselors working within the  
7 scope of practice in facilities described in subdivisions (1) and (2) of  
8 this subsection and in day/night programs or outpatient treatment  
9 facilities licensed under Article 2 of Chapter 122C of the General  
10 Statutes.

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

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

16 (f) Notwithstanding any other provision of this section or Article, any health  
17 maintenance organization subject to this Article that becomes a qualified health  
18 maintenance organization under Title XIII of the United States Public Health Service  
19 Act shall provide the benefits required under that federal Act, which shall be deemed to  
20 constitute compliance with the provisions of this section; and any health maintenance  
21 organization may provide that the benefits provided under this section must be obtained  
22 through providers affiliated with the health maintenance organization."

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

24 "**§ 58-67-75. 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 edition 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. 58-67-70~~ G.S. 58-67-70, with a mental disorder defined in the  
36 Diagnostic and Statistical Manual of 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 health maintenance organization governed  
42 by this Chapter shall, solely because an individual has or had a mental illness or  
43 chemical dependency:

- 1 (1) Refuse to enroll that individual in any health care plan covering
- 2 physical illness or injury;
- 3 (2) Have a higher premium rate or charge for physical illness or injury
- 4 coverages or benefits for that individual; or
- 5 (3) Reduce physical illness or injury coverages or benefits for that
- 6 individual.

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

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

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

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

1 50 employees. The remainder of this section applies only to group contracts covering 20  
2 or more employees."

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

4 "**§ 58-50-155. Standard and basic health care plan coverages.**

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

7 (1) Mammograms and pap smears at least equal to the coverage required  
8 by G.S. 58-51-57.

9 (2) Prostate-specific antigen (PSA) tests or equivalent tests for the  
10 presence of prostate cancer at least equal to the coverage required by  
11 G.S. 58-51-58.

12 (3) Reconstructive breast surgery resulting from a mastectomy at least  
13 equal to the coverage required by G.S. 58-51-62.

14 (4) For a qualified individual, scientifically proven bone mass  
15 measurement for the diagnosis and evaluation of osteoporosis or low  
16 bone mass at least equal to the coverage required by G.S. 58-3-174.

17 (5) Prescribed contraceptive drugs or devices that prevent pregnancy and  
18 that are approved by the United States Food and Drug Administration  
19 for use as contraceptives, or outpatient contraceptive services at least  
20 equal to the coverage required by G.S. 58-3-178, if the plan covers  
21 prescription drugs or devices, or outpatient services, as applicable. The  
22 same exceptions and exclusions as are provided under G.S. 58-3-178  
23 apply to standard plans developed and approved under G.S. 58-50-125.

24 (6) Colorectal cancer examinations and laboratory tests at least equal to  
25 the coverage required by G.S. 58-3-179.

26 (7) Treatment of chemical dependency and mental illness that is at least  
27 equal to the coverage required by G.S. 58-51-50 and G.S. 58-3-220,  
28 respectively. The Plan may use a case management program in  
29 accordance with G.S. 58-51-50 and G.S. 58-3-220, respectively.

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

31 (b) Notwithstanding G.S. 58-50-125(c), in developing and approving the plans  
32 under G.S. 58-50-125, the Committee and Commissioner shall give due consideration to  
33 cost-effective and life-saving health care services and to cost-effective health care  
34 providers."

35 **SECTION 9.** This act becomes effective January 1, 2006, and applies to  
36 health benefit plans that are delivered, issued for delivery, or renewed on and after that  
37 date. For purposes of this act, renewal of a health benefit policy, contract, or plan is  
38 presumed to occur on each anniversary of the date on which coverage was first effective  
39 on the person or persons covered by the health benefit plan. To the extent this act is in  
40 conflict with G.S. 58-50-63, this act prevails.