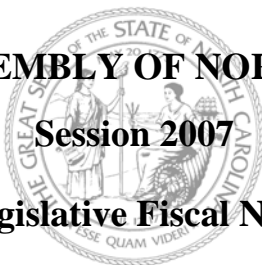


GENERAL ASSEMBLY OF NORTH CAROLINA



Session 2007

Legislative Fiscal Note

BILL NUMBER: House Bill 973 (Second Edition)

SHORT TITLE: Mental Health Equitable Coverage.

SPONSOR(S): Representatives Alexander, Insko, Wainwright, and Holliman

<b>FISCAL IMPACT</b>					
	<b>Yes ( )</b>	<b>No (X)</b>	<b>No Estimate Available ( )</b>		
	<b><u>FY 2007-08</u></b>	<b><u>FY 2008-09</u></b>	<b><u>FY 2009-10</u></b>	<b><u>FY 2010-11</u></b>	<b><u>FY 2011-12</u></b>
<b>EXPENDITURES:</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>POSITIONS (cumulative):</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED:</b> None.					
<b>EFFECTIVE DATE:</b> January 1, 2008					

BILL SUMMARY: This bill amends G.S. 58-51-50 and enacts new G.S. 58-3-220 to require every group health benefit plan to provide benefits for the treatment of chemical dependency and mental illness that are subject to the same limits as are benefits for physical illness generally. The bill includes the Teachers' and State Employees' Comprehensive Major Medical Plan (Plan) and the Plan's optional PPO program in the definition of 'health benefit plan'. The bill limits includes durational limits, deductibles, coinsurance factors, co-payments, maximum out-of-pocket limits, annual and lifetime dollar limits, and other dollar limits fees for covered services. If a group health benefit plan contains limits only on selected physical illness and injury benefits, and these benefits do not represent substantially all of the physical illness and injury benefits under the plan, then the insurer may impose limits on the chemical dependency or mental illness treatment benefits based on a weighted average of the respective limits on the selected physical illness and injury benefits. The bill permits insurers to use a case management program for determining the medical necessity and appropriateness of chemical dependency care and treatment and requires group health benefit plans to provide payments for chemical dependency care and treatment provided by licensed clinical social workers, certified substance abuse professionals, and licensed professional counselors who work in facilities currently qualified by statute to receive payment for services (hospitals, residential treatment programs, social setting detoxification facilities, and medical detoxification programs), as well as psychologists, nurse specialists, nurse practitioners,

psychological associates, marriage and family therapists, clinical addictions specialists, and clinical supervisors. The bill amends applicable definitions of mental illness to reference mental disorders recognized by the Diagnostic and Statistical Manual of Mental Disorders, DSM-IV, or a subsequent edition. The bill amends G.S. 58-65-75 and G.S. 58-67-70 to make the foregoing description of requirements regarding chemical dependency benefits applicable also to group insurance certificates and group subscriber contracts under any hospital or medical plan, as well as health maintenance organization health care plans. The bill amends G.S. 58-50-155 to make the chemical dependency and mental illness equity provisions applicable to any standard health plan developed and approved under G.S. 58-50-125 and makes other conforming changes. This legislation is effective January 1, 2008, and applicable to health benefit plans delivered or renewed on or after that date.

**ASSUMPTIONS AND METHODOLOGY:** The Department of Insurance states that since this bill pertains only to the premiums that private insurers must charge, and that the Department already reviews policy forms and rates, there is no expansion of duties or responsibilities and is therefore no fiscal impact to the state as a result of this legislation.

**SOURCES OF DATA:** Department of Insurance.

**TECHNICAL CONSIDERATIONS:** None

**FISCAL RESEARCH DIVISION: (919) 733-4910**

**PREPARED BY:** Brian Reynolds and Doug Holbrook

**APPROVED BY:** Lynn Muchmore, Director  
Fiscal Research Division

**DATE:** May 21, 2007



**Signed Copy Located in the NCGA Principal Clerk's Offices**