

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

[Special notice: A separate *Actuarial Note* is being prepared for this legislation.

The actuarial note has not been issued as of 4/1/97.

Both the fiscal and actuarial notes will be available on the "Fiscal Notes Viewers."]

BILL NUMBER: HB 563 (=SB 400) (first Edition)

SHORT TITLE: Mental Health Parity

SPONSOR(S): Rep. Alexander *et al.*

FISCAL IMPACT

Yes () No () **No Estimate Available (X)**

FY 1997-98 FY 1998-99 FY 1999-00 FY 2000-01 FY 2001-02

REVENUES See Assumptions and Methodology

EXPENDITURES

POSITIONS:

PRINCIPAL DEPARTMENT(S) &
PROGRAM(S) AFFECTED: Department of Insurance

EFFECTIVE DATE: when it becomes law; applies to contracts issued, delivered, or renewed on or after January 1, 1998

BILL SUMMARY: Amends provisions in GS Ch. 58 relating to (1) providers of general health insurance coverage including small employer plans under GS 58-50-125, (2) hospital, medical, and dental service corporations as providers of health insurance coverage, and (3) health maintenance organizations as providers of health insurance coverage to make the following changes: (a) with respect to coverage for chemical dependency treatment, amends GS 58-51-50, 58-65-75, and 58-67-70 to direct that insurance policies must provide (now, offer, subject to rejection) such coverage; (b) amends GS 58-51-55, 58-65-90, and 58-67-75 to delete provisions allowing providers of insurance coverage to exclude from coverage any physical illness or injury or mental illness or chemical dependency which has existed previous to coverage or from refusing to cover because of the underwriting of any physical condition whether or not related to mental illness or chemical dependency; and (c) amends GS 58-51-50, 58-51-55, 58-65-75, 58-65-90, 58-67-70, and 58-67-75 to direct insurers issuing or renewing policies after Jan. 1, 1998 to provide benefits for care and treatment of mental illness that are not less favorable than benefits for physical illness generally, subject to the same durational limits, dollar limits, deductibles, and coinsurance factors. Amends

GS 135-40.7A to require the teachers' and state employees' comprehensive major medical plan to provide benefits for treatment of chemical dependence subject to the same durational limits, deductibles, and coinsurance factors as for physical illness generally. Amends GS 135-40.7B to delete from the list of authorized providers of care and treatment for mental illness under the teachers' and state employees' comprehensive major medical plan "other social workers under the direct employment and supervision of a licensed psychiatrist or licensed doctor of psychology." Applies to contracts issued, delivered, or renewed on or after Jan. 1, 1998.¹

ASSUMPTIONS AND METHODOLOGY:

TECHNICAL CONSIDERATIONS: The Department of Insurance reports that the members of the industry have not collected data on possible demand for mental illness and chemical dependency insurance. Therefore, there is no database from which to calculate estimates of the fiscal effects of this bill.

In general, expected results would include: 1) an increase in insurance coverage, resulting in 2) an increase in insurance premiums, which would generate increases in 3) premium tax collections and 4) premium tax surcharges. Eventually, the premium tax surcharge rate would be lowered to keep collections constant, while there would be a permanent increase in premium tax collections.

FISCAL RESEARCH DIVISION

733-4910

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DATE: April 1, 1997



Signed Copy Located in the NCGA Principal Clerk's Offices

¹ Legislative Reporting Service, Institute of Government: "Daily Bulletin," Vol. 1997, No. 27, pp. 2-3.