**GENERAL ASSEMBLY OF NORTH CAROLINA**

**2019**

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**SENATE DRSXXXX-XX-X (X/XX)**

Short Title: Mental Health Parity Reporting. (Public)

Sponsors: Senators\_\_\_\_\_\_\_\_, \_\_\_\_\_\_\_\_\_\_\_, \_\_\_\_\_\_\_\_\_\_\_\_, \_\_\_\_\_\_\_\_\_

Referred to:

A BILL TO BE ENTITLED

AN ACT TO REQUIRE TRANSPARENCY AND COMPLIANCE WITH MENTAL HEALTH PARITY AND PROVIDE SUBSTANCE-RELATED MEDICATION PROVISIONS

The General Assembly of North Carolina Enacts

**Section 1.** Article 3 of Chapter 58 is amend by adding a new section to read:

**"§ 58-3-305. Mental illness and substance-related disorder parity.**

(a) All health insurance issuers that issue, sell, renew, or offer health benefit plans, as defined in G.S. 58-3-167(a)(1), in the State in the individual or group market shall submit an annual report to the Commissioner on or before March 1st, that contains the following information:

1. A description of the process used to develop or select the medical necessity criteria for mental illness and substance-related disorder benefits and the process used to develop or select the medical necessity criteria for medical and surgical benefits.
2. Identification of all non-quantitative treatment limitations (NQTLs) that are applied to both mental illness and substance-related disorder and medical and surgical benefits within each classification of benefits; there may be no separate NQTLs that apply to mental illness and substance-related disorder benefits but do not apply to medical and surgical benefits within any classification of benefits.
3. The results of an analysis that demonstrates that for the medical necessity criteria described in paragraph (1) and for each NQTL identified in paragraph (2) as written and in operation, the processes, strategies, evidentiary standards, or other factors used in applying the medical necessity criteria and each NQTL to mental illness and substance-related disorder benefits within each classification of benefits are comparable to, and are applied no more stringently than, the processes, strategies, evidentiary standards, or other factors used in applying the medical necessity criteria and each NQTL to medical and surgical benefits within the corresponding classification of benefits; at a minimum, the results of the analysis shall:
   1. Identify the factors used to determine that an NQTL will apply to a benefit, including factors that were considered but rejected
   2. Identify and define the specific evidentiary standards used to define the factors and any other evidence relied upon in designing each NQTL
   3. Provide the comparative analyses, including the results of the analyses, performed to determine that the processes and strategies used to design each NQTL, as written, and the as written processes and strategies used to apply the NQTL to mental illness and substance-related disorder benefits are comparable to, and are applied no more stringently than, the processes and strategies used to design each NQTL, as written, and the as written processes and strategies used to apply the NQTL to medical and surgical benefits
   4. Provide the comparative analyses, including the results of the analyses, performed to determine that the processes and strategies used to apply each NQTL, in operation, for mental illness and substance-related disorder benefits are comparable to, and are applied no more stringently than, the processes or strategies used to apply each NQTL, in operation, for medical and surgical benefits
   5. Disclose the specific findings and conclusions reached by the health insurance issuer that the results of the analyses above indicate that the issuer is in compliance with this section and the Mental Health Parity and Addiction Equity Act of 2008 and its implementing and related regulations, which includes 45 CFR 146.136, 45 CFR 147.160, and 45 CFR 156.115(a)(3).

(b) The Commissioner shall implement and enforce applicable provisions of the Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act of 2008, and any amendments to, and any federal guidance or regulations relevant to, that act, including 45 CFR 146.136, 45 CFR 147.136, 45 CFR 147.160, and 45 CFR 156.115(a)(3), which includes:

1. Proactively ensuring compliance by health insurance issuers that issue, sell, renew, or offer health benefit plans, as defined in G.S. 58-3-167(a)(1), in the State in the individual or group market.
2. Evaluating all consumer or provider complaints regarding mental illness and substance-related disorder coverage for possible parity violations.
3. Performing parity compliance market conduct examinations of health insurance issuers that issue, sell, renew, or offer health benefit plans, as defined in G.S. 58-3-167(a)(1), in the State in the individual or group market, particularly market conduct examinations that focus on nonquantitative treatment limitations such as prior authorization, concurrent review, retrospective review, step-therapy, network admission standards, reimbursement rates, and geographic restrictions, among other nonquantitative treatment limitations.
4. Requesting that health insurance issuers that issue, sell, renew, or offer health benefit plans, as defined in G.S. 58-3-167(a)(1), in the State in the individual or group market submit comparative analyses during the form review process demonstrating how they design and apply nonquantitative treatment limitations, both as written and in operation, for mental illness and substance-related disorder benefits as compared to how they design and apply nonquantitative treatment limitations, as written and in operation, for medical and surgical benefits.
5. The Commissioner may adopt rules, as authorized under G.S. 58-2-40, as may be necessary to effectuate any provisions of the Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act of 2008 that relate to the business of insurance.

(c) Not later than April 30th, 2020, the Commissioner shall issue a report and educational presentation to the General Assembly, which shall:

1. Cover the methodology the Commissioner is using to check for compliance with the federal Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act of 2008 (MHPAEA), and any federal regulations or guidance relating to the compliance and oversight of MHPAEA.
2. Cover the methodology the Commissioner is using to check for compliance with G.S. 58-3-220, G.S. 58-51-50, G.S. 58-65-75, G.S. and G.S. 58-67-70.
3. Identify market conduct examinations conducted or completed during the preceding 12-month period regarding compliance with parity in mental illness and substance-related disorder benefits under state and federal laws and summarize the results of such market conduct examinations.
4. Detail any educational or corrective actions the Commissioner has taken to ensure health insurance issuer compliance with MHPAEA and G.S. 58-3-220, G.S. 58-51-50, G.S. 58-65-75, G.S. and G.S. 58-67-70.
5. The report must be written in non-technical, readily understandable language and shall be made available to the public by, among such other means as the Commissioner finds appropriate, posting the report on the Internet Website of the Department of Insurance.

**Section 2.** Article 3 of Chapter 58 is amend by adding a new section to read:

**"§ 58-3-310. Prescription medication coverage for the treatment of substance-related disorders.**

(a) All health insurance issuers that issue, sell, renew, or offer health benefit plans, as defined in G.S. 58-3-167(a)(1), in the State in the individual or group market that provide coverage of medications for the treatment of substance-related disorders shall:

1. Not impose any prior authorization requirements on any prescription medication approved by the federal Food and Drug Administration (FDA) for the treatment of substance-related disorders.
2. Not impose any step therapy requirements before the health insurance issuer will authorize coverage for a prescription medication approved by the FDA for the treatment of substance-related disorders.
3. Place all prescription medications approved by the FDA for the treatment of substance-related disorders on the lowest tier of the drug formulary developed and maintained by the health insurance issuer.
4. Not exclude coverage for any prescription medication approved by the FDA for the treatment of substance-related disorders and any associated counseling or wraparound services on the grounds that such medications and services were court ordered.

**SECTION 3.** This act becomes effective July 1, 2019.