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APPROVAL #3 CHAPTER 748

LAWS OF 20 06

SENATE BILL 8482

ASSEMBLY BILL

STATE OF NEW YORK

S. 8482

A. 12080

SENATE - ASSEMBLY

June 23, 2006

IN SENATE -- Introduced by Sens. LIBOUS, MORAHAN, SPANO, BRUNO, FARLEY, ALESI, BALBONI, BONACIC, DeFRANCISCO, FLANAGAN, FUSCHILLO, GOLDEN, HANNON, JOHNSON, LARKIN, LAVALLE, LEIBELL, LITTLE, MALTESE, MARCELLINO, MARCHI, MAZIARZ, NOZZOLIO, PADAVAN, RATH, ROBACH, SALAND, SKELOS, TRUNZO, VOLKER, WINNER, WRIGHT, YOUNG -- read twice and ordered printed, and when printed to be committed to the Committee on Rules

IN ASSEMBLY -- Introduced by COMMITTEE ON RULES -- (at request of M. of A. Tonko, P. Rivera, Grannis, Gottfried, Brennan, Jacobs, Clark, Hoyt, Gunther, Cahill, Alessi, Aubry, Benjamin, Bing, Boyland, Bradley, Canestrari, A. Cohen, Colton, Cook, Cusick, Cymbrowitz, DiNapoli, Dinowitz, Eddington, Englebright, Galef, Gianaris, Glick, Green, Greene, Hikind, Koon, Lafayette, Lavelle, Lifton, Lupardo, McEneny, Millman, O'Donnell, Ortiz, Paulin, Peoples, Perry, Pfeffer, Powell, J. Rivera, Schroeder, Sweeney, Towns, Weinstein, Weisenberg) -- read once and referred to the Committee on Insurance

AN ACT to amend the insurance law, in relation to enacting "Timothy's law"; and providing for the repeal of such provisions upon expiration thereof

DATE RECEIVED BY GOVERNOR: DEC 10 2006

ACTION MUST BE TAKEN BY: DEC 25 2006

DATE GOVERNOR'S ACTION TAKEN:

SENATE VOTE ___ Y ___ N

HOME RULE MESSAGE ___ Y ___ N

DATE _____

ASSEMBLY VOTE ___ Y ___ N

DATE _____

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STATE OF NEW YORK
EXECUTIVE CHAMBER
ALBANY 12224

APPROVAL # 3
CHAPTER # 748

MEMORANDUM filed with Senate Bill Number 8482, entitled:

"AN ACT to amend the insurance law, in relation to enacting 'Timothy's law'; and providing for the repeal of such provisions upon expiration thereof"

A P P R O V E D

This bill, known as "Timothy's Law," amends the Insurance Law to require health insurance policies to provide benefits for mental illness that are comparable to those provided for other medical care. Specifically, the bill requires health insurance contracts to provide 30 days of inpatient and 20 days of outpatient coverage for the diagnoses and treatment of mental, nervous or emotional disorders ("30/20" benefit) with deductibles and co-insurance that are consistent with those that are imposed on other policy benefits. Large group contracts (*i.e.*, groups with more than 50 employees) will be required to provide "true parity benefits" for the diagnosis and treatment of certain biologically based mental illnesses (including schizophrenia/psychotic disorders, major depression, bulimia and anorexia) in adults and children and for the diagnosis and treatment of children with serious emotional disturbances. With respect to small groups of 50 or fewer employees, the bill requires that such coverage be made available for purchase upon request. To offset the cost of the 30/20 benefit to small groups, the bill requires the Superintendent of Insurance to "develop and implement a methodology to fully cover the cost," which shall be financed from the State General Fund. By April 1, 2009, the Superintendent of Insurance, in consultation with the Office of Mental Health, shall report on the cost and effectiveness of this legislation. The bill takes effect on January 1, 2007, and shall expire and be deemed repealed on December 31, 2009.

Mental illness, if left untreated, can become as disabling or deadly as physical illness. Recognizing this, my Administration has worked to ensure that record levels of funding and support are available for programs that provide early identification and treatment of mental illnesses. By approving Timothy's Law to ensure true parity between mental health coverage and other health insurance coverage, we build on these accomplishments and take another important step forward in our efforts to restructure our State's health care system and improve access to effective and affordable health care.

While I fully support mental health parity, I am concerned that there are several flaws in the bill that could impede its effective implementation. First, this bill, which was passed by the Assembly on December 13, 2006, takes effect on January 1, 2007. I am advised that it will be difficult, if not impossible, for health insurers to file policy amendments and have them reviewed and approved by the Insurance Department in the remaining few days of this month. Second, I am concerned that the bill inappropriately restricts the ability of health insurers to encourage subscribers to use in-network providers. For example, I am advised by the Department of Civil Service ("DCS") that while the Empire Plan currently offers in-network mental health benefits for State and local employees that far exceed the requirements of this bill, it provides a different benefit level for out-of-network mental health services. DCS is concerned that requiring parity for its out-of-network benefits would have an adverse effect on the ability of the Plan to retain providers and hospitals as part of its network, thereby resulting in increased costs to State and local taxpayers. Finally, I am concerned that the bill lacks an adequate and stable source of funding to meet its objective of fully covering the additional costs that participating small businesses will face. The bill purports to require future Governors and Legislatures to appropriate State funds for this purpose, but does not actually appropriate funds or otherwise provide an enforceable and binding commitment that funds will actually be available for this purpose. Moreover, I question whether annual State appropriations are an appropriate vehicle to subsidize a new health insurance mandate.

While I urge the Legislature to take prompt action to address these concerns, I approve this bill today in recognition of the importance of ensuring that persons suffering from mental illness receive the care and treatment they and their families deserve.

The bill is approved.

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This bill, known as Timothy's Law, would amend the Insurance Law to require health insurers to provide broad based coverage for the diagnosis and treatment of mental illnesses. Insurers would be required to include in their small group policies (employers with 50 or fewer employees) and large group policies (employers with over 50 employees) 30 days of in-patient, and 20 days of out-patient, coverage for the diagnosis and treatment of mental, nervous or emotional disorders. Deductibles, co-pays and coinsurance for this "30/20" benefit must be consistent with those imposed on other benefits within the policy. Currently, in both small and large group policies, insurers are only required to make the 30/20 benefit available upon the request of a policyholder, and even where the benefit is made available, insurers are permitted to impose higher deductibles, co-pays and coinsurance for mental health treatment than those imposed for other benefits within the policy.

In addition to the 30/20 benefit, the bill requires insurers to provide "full parity" in their large group policies, which means that coverage for biologically based mental illnesses must be comparable to medical coverage offered under the policy as well as comparable coverage for children with serious emotional disturbances. While the bill would not mandate "full parity" for small group policies, it would require insurers to make the benefits available for sale to small groups. The bill defines "biologically based mental illness" as a "mental, nervous, or emotional condition that is caused by . . . schizophrenia/psychotic disorders, major depression, bipolar disorder, delusional disorders, panic disorders, obsessive compulsive disorder, bulimia and anorexia." The bill defines "children with serious emotional disturbances" as those under age of 18 with "diagnoses of attention deficit disorders, disruptive behavior disorders, or pervasive development disorders" *combined with* suicidal or psychotic symptoms or with behavior that causes the child to be at substantial risk of removal from the household or at risk of causing personal injury or significant property damage.

To offset the cost of the 30/20 benefit to small employers, the bill would require the Superintendent of Insurance to "develop and implement a methodology to fully cover the cost" to small group employers, and that this methodology "be financed from funds from the General Fund that shall be made available for such purpose." By April 1, 2009, the Superintendent, in consultation with the Office of Mental Health, would report to the Governor and Legislature on the effectiveness of mental health parity.

The bill is named for Timothy O'Clair, a mentally ill boy, whose parents quickly exhausted their insurance coverage benefits for Timothy's mental health care. When the O'Clair's out-of-pocket costs exceeded what they could afford, they eventually chose to put their child into foster care so that he could be eligible for Medicaid and receive appropriate treatment. Timothy O'Clair committed suicide at age of 12. Mental illness is common and can be crippling. It is widely recognized that, as with physical ailments, early treatment and intervention can prevent or defray greater care costs later. Most states have implemented some form of mental health parity. Improving mental health parity in New York has received strong support from mental health advocates, Catholic Charities and MSSNY.

This bill, however, presents some serious concerns that need to be addressed. First, the State's subsidy to small employers is unprecedented. No other state subsidizes the cost of providing mental health parity, and enactment of this bill would set a dangerous precedent for the subsidization of future insurance mandates. The Insurance Department estimates the cost of this subsidy at \$92 million – an amount that is not accounted for in the State's fiscal plan. DOB notes, however, that revenues are greater than anticipated and could help meet the costs of the bill. And while the bill provides a subsidy for small employers, there is no such subsidy for large employers (more than 50 employees), and those employers would be required to provide full mental health parity. Since there will, in all likelihood, be a premium increase associated with providing full mental health benefits, large employers may have to make difficult decisions such as increasing the employee's share of the premium or dropping health insurance coverage altogether.

Moreover, the funding provision for the State subsidy appears to be unconstitutional. The State Constitution provides that “[n]o money shall ever be paid out of the state treasury or of any of its funds, or any of the funds under its management, except in pursuance of an appropriation by law; . . . and . . . shall distinctly specify the sum appropriated” This bill would mandate expenditure of State General funds under the management of the State thus would be governed by the Constitutional provision. The bill's funding provision fails to meet the constitutional parameters governing appropriations, because it fails to “distinctly specify the sum appropriated.” Like the Power for Jobs bill that was the subject of Veto No. 74 (2006), the Legislature failed to identify a funding source for the Superintendent to develop and implement a methodology to

fully cover the cost to small employers for providing mental health coverage and then would require future Governors and legislatures to make similar appropriations available to the Superintendent for that purpose.

Second, the Department of Civil Service, which administers the Empire Plan for State employees, opposes the bill because while their in-network mental health benefits appear to meet or exceed the benefits required under this bill, requiring them to provide out-of-network mental health benefits on the same basis as physical benefits would be devastating to their program. According to the Insurance Department, the benefit mandates under Timothy's Law would apply to the Empire Plan, because the bill deletes an exception that would have otherwise applied to them.

Third, the bill's effective date of January 1, 2007 also presents implementation issues both for health insurers and the Insurance Department. Even if this bill were signed immediately, it would provide insurers and the Insurance Department with less than two weeks to comply with the Timothy's Law. By January 1, 2007, all health insurers would be required to offer the 30/20 benefit, establish and price benefits for biologically based conditions and services for children with emotional disturbances, and submit for Insurance Department review and approval policy changes which reflect the new mandates. According to the Insurance Department, it will be virtually impossible for insurers to file amendments to their policies, and have them reviewed and approved by that date. Since most health insurance policies, including the Empire Plan, renew on January 1, most insurers have already issued rate quotes and designed benefits that do not contemplate the level of benefits that would be required under Timothy's Law. Apart from having to review and integrate the requirements of Timothy's Law into each policy, the insurers would also have to calculate how the State subsidy will work, even though they have never dealt with this type of mechanism before. Due to the impossibility of timely implementation, the likely result will be that consumers will be denied required mental health benefits. Advocates for the bill, however, will note that the delayed implementation of a bill is better than not having mental health parity at all. The Health Plan Association (HPA) suggests that if the bill is approved, it be approved with a chapter amendment changing the effective date and making other technical corrections (or a message encouraging such necessary subsequent legislative action).

In addition, the Insurance Department, which does not oppose the bill, raises a number of technical inconsistencies

where mental benefits would vary depending on whether coverage is written by a commercial insurer, an Article 43 corporation (not-for-profits) or an HMO. The bill would take effect January 1, 2007, and would expire and be deemed repealed December 31, 2009.

Support: OMH, CQCAPD, MSSNY, Mental Health Ass'n in New York State, Families Together, New York Ass'n of Psychiatric Rehabilitation Services, New York State Coalition for Children's Mental Health Services, Schuyler Center for Analysis and Advocacy, New York State Psychiatric Ass'n, New York State Conference of Local Mental Hygiene Directors, American Foundation for Suicide Prevention, Nat'l Alliance on Mental Illness in New York State, District Council 37 (AFL-CIO). No objection with chapter: Insurance Department, HPA. Oppose: Department of Civil Service, Empire Blue Cross/Blue Shield, Excellus Blue Cross/Blue Shield, Manhattan Chamber of Commerce, Delaware County Catskills Chamber of Commerce, Otsego County Chamber of Commerce, Saratoga County Chamber of Commerce, Syracuse Chamber of Commerce.

Counsel's Prelim. Recommendation: Soft Veto

RP's Recommendation:

Governor's Decision:

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THE ASSEMBLY
STATE OF NEW YORK
ALBANY

AILEEN M. GUNTHER
Member of Assembly
98th District

Planning and Programming
Real Property Taxation
Tourism, Arts & Sports Development

December 19, 2006

Governor George E. Pataki
Executive Chamber
State Capitol
Albany, NY 12224

RE: S.8482/A.12080, "Timothy's Law"

Dear Governor Pataki:

I write on behalf of all New Yorkers to urge your swift approval of Timothy's Law, legislation that has won unanimous approval by the NYS Legislature. The bill would establish parity in the coverage of mental health treatment by HMOs and insurance plans, and is the product of advocacy efforts spanning some two decades. The Timothy's Law Campaign consists of more than 350 organizations that support mental health parity. The bill is named for Timothy O'Clair, a boy of twelve from Rotterdam who took his own life five years ago after experiencing the consequences of inadequate insurance coverage for his mental illnesses. Timothy would have turned 18 this year, graduated from high school, and attended his senior prom; it is fitting to name a law in his honor that will end discrimination by insurance plans and HMOs against people who need mental health care.

Support for the Agreement

The O'Clairs and the Timothy's Law Campaign support the agreement reached earlier this year; it is the product of necessary compromise and strikes a delicate balance: It does not cover some very important needs such as addictions and some mental health diagnoses such as post traumatic stress disorder, but it nevertheless establishes vital benefits and parity in mental health coverage for millions of New Yorkers.

I believe it serves as an important foundation for the future. Essential to the agreement is its inclusion of small employers *and their employees*, and its provisions to cover the cost of providing their mandated mental health coverage. The agreement could not have been reached without both including these workers *and* including the "hold harmless" provision for their employers. Just as New York State has helped people with AIDS and physicians, as well as small employers and farmers, to maintain vital insurance coverage through government subsidies, it can and should help small employers to maintain health insurance for their workers so that they may benefit from Timothy's Law just like their peers who work for larger corporations.

The Problems Caused by the Lack of Insurance Parity for Mental Health Care

The laws of New York currently permit our HMOs and health plans to limit coverage for mental health conditions – *indeed employers need not provide coverage for any mental health treatment at all*. Plans that do cover mental health care routinely charge much higher co-payments and deductibles for it compared with the fees they charge consumers for regular medical office visits. In recent years, top health plans have restricted coverage to "acute" mental health conditions susceptible to short-term treatment; excluded coverage for chronic mental illnesses; charged a \$50 per visit co-pay for the 4th through 20th outpatient visits; and imposed 60-day (30 days per year) lifetime limits on inpatient

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psychiatric care. These restrictions are apparently lawful, and Timothy's Law seeks to remedy them because they act as barriers to necessary care.

Fundamentally, this is a matter of discrimination based on type of disability. An insurance plan can limit coverage for mental health visits even as it covers multiple office visits to help manage diabetes or heart disease, or expensive and unlimited treatments for cancer, costly organ transplants, or even the medical consequences of providing inadequate mental health coverage when someone is hospitalized *after* a suicide attempt.

The limits on coverage for mental health care cause numerous problems for those who need care, their families, and their caregivers, as well as the state's taxpayers. Families face prohibitively expensive cost sharing; treatment is interrupted or terminated prematurely; and those needing mental health care often careen from one crisis to the next. For some families, including the O'Clairs, parents face the agonizing decision to relinquish custody of their children to the state so that their needs can be met through Medicaid. *In fact, because coverage is now so limited, private insurance payments for licensed mental health care in New York account for just 20 percent of the care; public programs funded by taxpayers and out-of-pocket payments by consumers cover the remaining 80 percent.*

The Experience with Parity Laws is Positive

Thirty-nine other states have parity laws, and these states have not experienced the problems often cited by opponents: There is no evidence that employers drop health insurance when parity laws are enacted. Premium increases attributable to parity laws are negligible or nonexistent (sometimes premiums fall). The single greatest impact is typically a reduction in out-of-pocket costs for mental health consumers, but not rising costs for health plans. Managed care is a sufficient protection against unnecessary utilization.

Furthermore, employers stand to gain far more than any nominal premium costs because untreated mental illnesses cost them tens-of-millions of dollars per year in lost productivity.

Last, taxpayers are understandably concerned about the rising cost of Medicaid, and the enactment of parity will undoubtedly relieve some of that pressure as health plans begin to cover their fair share of mental health care instead of shifting the burden to localities and the state.

I am confident that this legislation represents an inspired and vital change in public policy that is long overdue. It is well crafted with sufficient safeguards for employees and employers alike as well as the state, and prudent in its approach to addressing the many factors that make this such a pressing issue, and delicate compromise. It is my hope that you will agree that Timothy's Law is worthy of your signature. Please accept my heartfelt thanks for your careful attention to the legacy of Timothy's Law.

Sincerely,



Aileen M. Gunther

AMG/sdw



THE ASSEMBLY
STATE OF NEW YORK
ALBANY

RANKING MINORITY MEMBER
Committee on Higher Education

COMMITTEES
Education

JOEL M. MILLER
Assemblyman 102nd District

December 15, 2006

Honorable Governor George Pataki
Executive Chamber
New York State Capitol
Albany, NY 12224

Dear Governor,

I write to request your signature on the mental health parity bill passed by both houses of the State Legislature known as Timothy's Law. New York has been waiting for years to have mental parity and Timothy's Law is a good, well-balanced approach to giving consumers of mental health the same care as given to consumers of physical health treatment. Timothy's Law will permit consumers to receive a minimum of 20 outpatient visits and 30 inpatient treatment days a year. It will also standardize co-payments and deductibles, making them comparable to those for physical ailments.

New Yorkers will gain from your signature on Timothy's Law, and if it happens under your watch as Governor will greatly enhance your image in the overall community. Mental health affects people from all classes, ethnicities, sexes and races. Before you leave office, please sign Timothy's Law. Thank you.

Sincerely,

Joel M. Miller
Member of Assembly

JJM/mnk

**NEW YORK STATE SENATE
INTRODUCER'S MEMORANDUM IN SUPPORT
submitted in accordance with Senate Rule VI. Sec 1**

BILL NUMBER: S8482

SPONSOR: LIBOUS

TITLE OF BILL: An act to amend the insurance law, in relation to enacting "Timothy's law"; and providing for the repeal of such provisions upon expiration thereof

SUMMARY OF PROVISIONS: Section 1 Legislative findings and intent.

Section 2 (A) amends Section 3221 of the Insurance Law to require insurers to provide mental health insurance coverage to adults and children with biologically based mental illnesses. Specifically, this section requires thirty days of inpatient care and twenty days of outpatient care in a manner consistent with coverage provided for other health conditions.

Section 2 (C) requires that coverage may be subject to annual deductibles and coinsurance as may be deemed appropriate by the Superintendent of Insurance. These deductibles and coinsurance payments shall be consistent with those imposed on other benefits within a given policy.

Section 2 (B) requires that full coverage be provided for all "biologically based mental illness." These are defined as schizophrenia/psychotic disorders, major depression, bipolar disorder, delusional disorders, panic disorder, obsessive compulsive disorder, bulimia, and anorexia along with serious cases of children with attention deficit disorders, disruptive behavior disorders or pervasive development disorders. Children will be covered for those disorders if they meet any one of the following four criteria:

- 1) serious suicidal symptoms or other life-threatening self-destructive behaviors.
- 2) significant psychotic symptoms.
- 3) behavior caused by emotional disturbances that placed the child at risk of causing personal injury or significant property damage.
- 4) behavior caused by emotional disturbances that placed the child at substantial risk of removal from the household.

Section 2 (B) offers an exemption if a business can show the state Insurance Department that premium costs increased by 2% as a direct result of these mental health parity provisions.

Section 2 (D) requires the Superintendent of Insurance to create a methodology that will fully offset the costs to any group purchaser with 50 or fewer employees. By way of this section, the Superintendent's methodology will be financed by monies from the General Fund.

Section 2 (E) states that nothing in this legislation will prohibit medical management or utilization review of mental health benefits.

JUSTIFICATION:

While it is equitable and reasonable for insurance contracts to establish limits on and deductibles for the diagnosis or treatment of all

types of illness, it's unfair and discriminatory to make exceptions solely for persons suffering from mental, emotional or nervous disorders.

This measure would prevent the unfair treatment of persons who suffer such illnesses and help ensure their successful, complete recovery by prohibiting health insurance contracts from setting more restrictive limits or higher deductibles for diagnosis and treatment of these sicknesses than for other conditions covered in the same contract.

This bill has further created the requirement of a study to ensure that the Legislature has accurate and valuable information related to mental health coverage in the State as well as the effects this legislation will have on businesses. A sunset date will be established along with this study so that the Legislature will be able to act on the results of this study.

Finally, in order to ensure that the Legislature does not put undue hardship on small businesses throughout New York State, a fund is created that will fully offset the costs of this mandate for those business under fifty employees.

LEGISLATIVE HISTORY:

S.7296-A of 2004 Passed Senate 6/22
S.1672 of 2005 Died in Insurance Committee

FISCAL IMPLICATIONS: To be determined.

EFFECTIVE DATE: This act shall take effect on the first of January after it has become a law and shall apply to all policies and contracts issued, renewed, modified, altered or amended on or after the effective date provided, however, that any necessary regulations for the implementation of this act are promulgated on or before the effective date.



OFFICE OF MENTAL HEALTH
COUNSEL

Sharon E. Carpinello, RN, Ph.D.
Commissioner

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JOHN V. TAURIELLO
Deputy Commissioner and Counsel

December 20, 2006

Honorable Richard Platkin
Counsel to the Governor
Executive Chamber
State Capitol Building
Albany, NY 12224

RE: Senate Bill #8482

Dear Mr. Platkin:

The Office of Mental Health ("OMH") supports the above-referenced bill, which is before the Governor for Executive action. The bill otherwise known as "Timothy's Law" amends the Insurance Law to require that health insurance policies issued in this State provide 30 days of inpatient and 20 days of outpatient coverage for the diagnosis and treatment of mental, nervous or emotional disorders under the same terms and conditions otherwise applicable to non-mental health coverage, including co-pays, coinsurance, deductibles or other specific cost-sharing mechanisms. The State General Fund will cover the excess costs for the 30 days of inpatient and 20 days of outpatient benefit for health plans of employers with 50 or fewer employees. The bill also requires health insurance policies that provide medical coverage for employers with 50 or more employees to provide comparable coverage for adults and children with "biologically based mental illness" and also comparable coverage for "children with serious emotional disturbances." The Insurance Superintendent, in consultation with the OMH, shall study and report to the Governor and Legislature by April 1, 2009, regarding the effectiveness of mental health parity, including: costs associated, number of policyholders electing parity coverage, and the types of illnesses for which coverage was provided. The law would sunset on December 31, 2009.

"Biologically based mental illness" is defined to include a mental, nervous, or emotional condition that is caused by a biological disorder of the brain and results in a clinically significant,

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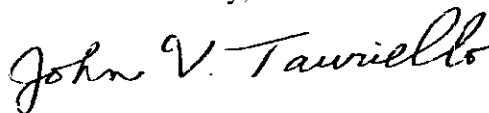
psychological syndrome or pattern that substantially limits the functioning of the person with the illness. Biologically based mental illnesses would include the following diagnoses listed in the bill: schizophrenia/psychotic disorders, major depression, bipolar disorder, delusional disorders, panic disorder, obsessive compulsive disorder, bulimia, and anorexia. "Children with serious emotional disturbances" is defined to include persons under the age of eighteen years who have diagnoses of attention deficit disorders, disruptive behavior disorders, or pervasive development disorders, and where there are one or more of the following: (i) serious suicidal symptoms or other life-threatening self-destructive behaviors; (ii) significant psychotic symptoms (hallucinations, delusion, bizarre behaviors); (iii) behavior caused by emotional disturbances that placed the child at risk of causing personal injury or significant property damage; or (iv) behavior caused by emotional disturbances that placed the child at substantial risk of removal from the household.

OMH supports Timothy's Law and believes that health insurance plans should provide parity in the coverage between mental health and physical health benefits. While this bill is an important first step in providing such mental health parity coverage, and we strongly support it, we would like to raise some concerns. We are especially concerned that the diagnosis of Post-traumatic Stress Disorder (PTSD) is excluded from parity coverage provisions of this bill. At a time when our country is engaged in a foreign military conflict and veterans will be returning home to New York, and also because of the continued impact of the terrorist attacks on September 11, 2001, we believe that coverage of PTSD is important. Further, we believe that that the bill should be further clarified to ensure that the diagnoses of schizophrenia/psychotic disorders includes all psychotic disorders listed in the DSM-IV, and that the diagnosis of major depression includes major depression with psychotic features. Finally, we note that the two year time period for completion of the study by the Insurance Department and OMH, during which a "comprehensive analysis" would be completed of the costs, effectiveness and impact of this bill, may be an inadequate amount of time to fully and accurately assess the impact of this legislation. At least one and preferably two additional years should be required.

We have attached a July 24, 2006 letter Commissioner Carpinello wrote to Megan Kearney, Deputy Secretary for Health and Human Services, which discusses these issues in greater detail.

Thank you for the opportunity to comment on this legislation.

Sincerely,



John V. Tauriello
Deputy Commissioner and Counsel



GEORGE E. PATAKI
GOVERNOR

STATE OF NEW YORK
COMMISSION ON QUALITY OF CARE & ADVOCACY
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MEMBERS

December 15, 2006

Honorable Richard Platkin
Counsel to the Governor
Executive Chamber
State Capitol
Albany, New York 12224

RE: Senate Bill No. 8482

Dear Mr. Platkin:

The Commission strongly supports this bill, "Timothy's Law", to promote comparable coverage for mental illnesses under the same terms and conditions as provided for physical illnesses. Frequently, health insurance policies include limits on the amount, scope or duration of mental health services covered, or include higher co-payment or deductible requirements than apply to services for physical illnesses. Providing for more parity in coverage for mental health care and coverage for certain conditions defined as biologically based mental illnesses and providing coverage for services for children with serious emotional disturbances removes one obstacle to New Yorkers accessing timely and appropriate mental health care.

The Surgeon General has determined that one in five Americans experience a mental health disorder in any year. Enactment of "Timothy's Law" will encourage people with serious disorders to seek help and avoid the consequences of untreated conditions such as the suffering and the loss of productivity, employment and educational opportunity.

If you need further assistance or information, please contact us.

Very truly yours,

Patricia W. Johnson
Assistant Counsel
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NEW YORK STATE CATHOLIC CONFERENCE

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RICHARD E. BARNES
Executive Director

December 19, 2006

Honorable George E. Pataki
Governor, New York State
Executive Chamber
State Capitol
Albany NY 12224

Dear Governor Pataki:

I write to you on behalf of the Bishops of our state to urge you to sign "Timothy's Law" which has now been passed and sent to you for your signature. It is very much hoped that you will sign this compromise legislation that was worked out after much discussion and debate between the two Houses of the Legislature. Both Houses have demonstrated overwhelming support by unanimous passage.

The agreed upon legislation will create parity between mental health and physical health insurance coverage for adults and children with biologically based mental illnesses. It will also require the Superintendent of Insurance to analyze the impact of requiring parity and to develop a methodology to fully cover the cost of providing required insurance parity by employers of 50 or fewer employees.

An individual who defers treatment for mental illness due to high cost-sharing may ultimately require more expensive in-patient treatment. Untreated mental illness can have a devastating impact on individuals and their family members. The minimal cost required to provide this parity for mental health services is outweighed by the productivity savings in the workplace and in the home. Consumer access to covered benefits would still be subject to review and management by the insurer and managed care organization. Various parity plans have been enacted in most other states without overutilization of services or significant cost increases. Removing the barriers to needed treatment will result in healthier, more productive individuals.

As always, we put forward our concerns in the spirit of charity, and are appreciative of your leadership on these important issues. We thank you for your openness to hearing our concerns and for any consideration you are able to give them. You continue to be in the prayers of the Bishops during this blessed Christmas season.

Very truly yours,

Richard E. Barnes

Archdiocese of New York - Dioceses of Albany / Brooklyn / Buffalo / Ogdensburg / Rochester / Rockville Centre / Syracuse

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NEW YORK STATE CONFERENCE OF
LOCAL MENTAL HYGIENE DIRECTORS, INC.

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Duane Splide, LCSWR, ACSW

Deputy Executive Director

Kathleen P. Mayo

Counsel

Peter R. Freed

December 14, 2006

Honorable George E. Pataki
Governor
State of New York
Executive Chamber --- NYS Capitol Building
Albany, New York 12224

~~Re: S.8482/A.10280: An act to amend the insurance law, in relation to enacting "Timothy's Law"~~

COMMENT IN SUPPORT

Dear Governor Pataki:

The New York State Conference of Local Mental Hygiene Directors ("Conference") respectfully urges you to sign into law S.8482/A.10280, often referred to as Timothy's Law. The Conference is established in conformity with requirements, in Article 41 of the New York Mental Hygiene Law so that our membership consists of the commissioner/director of each of the State's 57 county mental hygiene departments and of the Mental Hygiene Department of the City of New York.

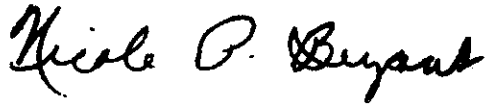
If this bill becomes law, many barriers to coverage for mental illness in commercial insurance policies will be remedied, and greater parity will be attained between coverage for physical health conditions and mental health conditions. Research reveals that enactment of similar legislation in many other states has been both clinically- and cost-effective. Numerous persons throughout our state, including clients, families, professional organizations, practitioners, and concerned legislators from both parties, have worked very hard for many years to have this legislation pass both houses.

The Conference also strongly favors enactment of parity-like provisions related to the availability of chemical dependency treatment services in insurance policies, and we hope this issue will be addressed by the legislature soon.

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We are convinced that mental health insurance access facilitated through enactment of Timothy's Law is critically needed by clients and families in rural, suburban and urban counties alike, and we respectfully urge your signing this important legislation into law.

Sincerely,



NICOLE P. BRYANT, LMSW
Chair

cc: Megan Kearney, Deputy Secretary to the Governor for Health and Human Services Programs
Richard Platkin, Counsel to the Governor
Honorable Thomas Libous, Member of NYS Senate
Honorable Paul Tonko, Member of NYS Assembly
Honorable Thomas Morahan, Member of NYS Senate
Honorable Peter Rivera, Member of NYS Assembly
Conference Full Membership
Duane Spilde, Conference Executive Director
Peter R. Freed, Conference Counsel
Katie Mayo, Conference Deputy Executive Director

000018



STATE OF NEW YORK
INSURANCE DEPARTMENT
ONE COMMERCE PLAZA
ALBANY, NY 12257

George E. Pataki
Governor

Howard Mills
Superintendent

December 18, 2006

Honorable Richard Platkin
Counsel to the Governor
Executive Chamber
State Capitol
Albany, New York 12224

Re: Senate 8482 (Libous)

Dear Mr. Platkin:

This letter responds to your request for our comments on the above-captioned bill, which has passed both houses and is presently awaiting executive action. The bill, known as Timothy's Law, would take effect January 1, 2007, and would sunset on December 31, 2009.

The bill would require certain group and school blanket health insurance policies to provide up to 30 days of in-patient coverage in a hospital, and not less than 20 days of out-patient care ("30/20 benefit"), for the diagnosis and treatment of mental, nervous or emotional disorders or ailments. The bill further requires that the insured's out-of pocket costs for the coverage (such as deductibles, coinsurance and co-pays) must be consistent with other benefits under the policy. Currently, health insurers are only required to make the 30/20 benefit available for sale to group policyholders and the cost sharing need not be consistent with other benefits. Additionally, for large groups, which are group purchasers with more than 50 employees, the bill would mandate "true parity benefits" for the diagnosis and treatment of biologically based mental illness in adults and children, and for diagnosis and treatment of children under the age of 18 with serious emotional disturbances. The bill defines "biologically based mental illness" as schizophrenia/psychotic disorders, major depression, bipolar disorder, delusional disorders, panic disorder, obsessive compulsive disorder, bulimia and anorexia. For small groups, which are group purchasers with 50 or fewer employees, the bill would not mandate "true parity" but would require insurers to make these benefits available for sale.

In an attempt to minimize the impact of mandating the "30/20 benefit" on small employers, the bill requires the Superintendent to develop a mechanism to fully subsidize the cost to small employers using money from the General Fund. The Insurance Department estimates that the annual cost to the State in providing this subsidy would be about \$92 million. There is no such subsidy, however, for large employers (those with more than 50 employees), who would not only have to provide the "30/20 benefit" but also provide coverage for the full array of biologically based mental illnesses.

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<http://www.ins.state.ny.us>

While the Department has no objection to requiring that health insurance policies provide coverage for mental illnesses on the same basis it provides coverage for physical conditions, there are a number of implementation issues that make this bill difficult, if not impossible, to implement by January 1, 2007, the bill's effective date. The bill would apply to all contracts issued, renewed, modified, altered or amended on and after January 1, 2007, leaving health insurers and the Department with less than two weeks to implement its provisions. Insurers would need to design policy provisions that would provide the required 30/20 benefit in the small group market and also establish a "make available" benefit for the small group market for coverage for biologically based conditions and the services for children with emotional disturbances. Each would need to be priced accordingly. Health insurers serving the large group market would also need to design policy provisions and set a premium for those provisions that would be different from what they could use in the small group market. All policy language changes and premium rate filings associated with the changes would need to then be submitted to the Department for review and prior approval. Thus, at a minimum, insurers would need to price and prepare, and the Department review and approve, three sets of benefit amendments in the next two weeks. Simply put, this process will take much longer than two weeks to accomplish.

The implementation of the bill may also result in significant market disruption. With a majority of health insurance contracts, including those provided to state employees under the New York State Health Insurance Program (NYSHIP), renewing on January 1st, the addition of benefits provided under the bill on January 1, 2007 raises a number of concerns.

Those employer groups with a January 1st renewal have at this late date already received their rate quotes and benefit designs for 2007. Some may have already paid premium, and their contracts most likely contain some level of mental health benefits that are not at a level consistent with those required under the bill. Health insurers would now be required to assess how to integrate benefits required under the bill into those contracts, which will require an individualized contract review by the insurer to determine whether the benefits offered under the contract comply with the bill. In the small group market, this is coupled with the fact that the benefits mandated under the bill are subject to a subsidy. If an employer is providing a level of benefits greater than those set forth in the bill, the insurer will need to determine how to make the first 30/20 days compliant and subject to subsidy, but not the rest. Insurers are not likely to be in a position to explain the impact of the bill to groups relative to their specific coverage in a timely manner, thus resulting in market disruption.

The end result of this confusion may be that consumers, particularly those covered under contracts renewing January 1, 2007 will be inadvertently denied benefits that they would otherwise be entitled to while an insurer assesses compliance with the provisions of the bill on an individual group basis. While carriers could reprocess claims denials and ultimately pay for care received, the same cannot be said for situations where preauthorizations were denied in error and the insured did not seek care.

The Department also raises a number of technical defects in the bill. The requirements imposed on commercial health insurers are not the same as the requirements imposed on Article 43 corporations and HMOs. These inconsistencies will pose challenges to health plan design of compliant contracts and rate development and the Department's review of the same. Some of these differences are:

(1) Commercial carriers would be required to provide mental health benefits under school blanket policies while Article 43 corporations and HMOs would not be required to do so.

(2) Article 43 corporations would be required to provide benefits under individual contracts, but commercial insurers and HMOs would not. Furthermore, the individual contracts that would contain the benefit would not be eligible for the premium subsidy that will be provided to small groups, thus the more vulnerable individuals would not benefit from premium relief.

(3) The base policy benefits that would trigger inclusion of benefits under the bill in a given policy are different for commercial carriers and Article 43 corporations. The trigger for commercial carriers is whether the policy provides in-patient hospital care, whereas the trigger for at least part of the benefit for Article 43 corporations is whether the policy provides benefits for physician office visits.

Finally, the bill specifically requires that mental health benefits be provided on a calendar year basis. Most contracts calculate benefits on a contract year basis. This makes the mental health benefits inconsistent with all other benefits under a given contract. The bill also requires that out-patient benefits be provided on a "per day" basis, whereas other recurrent out-patient services are typically covered on a "per visit" basis, again resulting in the mental health benefits being inconsistent with other similar benefits under a given contract.

While the Department has no objection to mandating mental health benefits in health insurance policies, it strongly encourages a chapter amendment so that the implementation issues and technical deficiencies noted above can be addressed and corrected.

Very truly yours,



Howard Mills
Superintendent of Insurance

Richard C. Iannuzzi, *President*
Alan B. Lubin, *Executive Vice President*
Maria Neira, *Vice President*
Kathleen M. Donahue, *Vice President*
Robin D. Rapaport, *Vice President*
Ivan Tiger, *Secretary-Treasurer*

December 15, 2006

Memorandum to the Governor regarding Senate Bill Number 8482 by Senator Libous and Assembly Bill Number 12080 by Committee on Rules (Tonko), entitled "AN Act to amend the AN ACT to amend the insurance law, in relation to enacting "Timothy's law"; and providing for the repeal of such provisions upon expiration thereof"

This legislation amends the Insurance Law to enact "Timothy's Law" which requires insurers to provide mental health insurance coverage to adults and children with biologically based mental illnesses. Specifically, this legislation requires insurers to provide at least thirty days (30) of inpatient care and twenty days (20) of outpatient care for mental health treatment.

The cost of the minimum 30/20 coverage for employers with fifty or fewer employees will be subsidized by the State's General Fund. Moreover, insurance contracts and policies for employers with more than fifty employees must provide the minimum 30/20 coverage as well as full parity coverage for adults and children with certain biologically based mental illnesses.

Finally, this measure provides that deductibles and coinsurance payments must be comparable to other covered services within a given insurance contract or policy.

The New York State Psychological Association (NYSPA), a statewide organization representing over 3,000 psychologists, affiliated with the American Psychological Association and working cooperatively with more than a dozen local, county and regional organizations of psychologists throughout New York State strongly supports this legislation. If enacted, Timothy's Law will help to ensure that persons who suffer from mental illness will be afforded the treatment that they need by addressing many long-standing discriminatory mental health insurance practices.

Currently, health insurance contracts may place arbitrary limits on the number of days or visits permitted for diagnosis and treatment of mental health disorders. Timothy's Law requires a minimum level of coverage for inpatient and outpatient mental health treatment and full coverage for certain biologically based mental illnesses for children and adults for large employers.

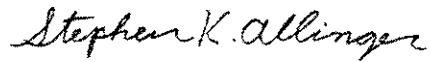
This legislation also appropriately prohibits insurance companies from imposing co-payments and deductibles for mental health treatment that are inconsistent with those required for other covered services within a given policy or contract. Persons living with mental illness should not be deterred from receiving necessary treatment due to unnecessarily high co-payments, deductibles. Timothy's Law will change this practice and will provide needed assistance to mental health consumers who are currently forced to delay or not pursue treatment because of high out-of-pocket expenses.

Recent actuarial studies confirm that providing mental health insurance parity is cost effective and that untreated mental illness is far more costly to society than the price of mental health insurance parity. Left untreated, mental illness causes or contributes to poor job productivity and increased absenteeism, turnover, accidents, higher worker's compensation claims, crime, disruptions in family life, and overall increases in the dependence on public resources.

It's time for New York to join the federal government and numerous states that have enacted similar legislation to afford mental health consumers fair and equitable insurance standards.

New York State United Teachers strongly urges the enactment of this bill.

Sincerely,

A handwritten signature in cursive script that reads "Stephen K. Allinger".

Stephen K. Allinger
Director of Legislation

22626

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American Federation of State, County & Municipal Employees, AFL-CIO
125 BARCLAY STREET • NEW YORK, NY 10007-2175

**Political Action &
Legislation Department**
Telephone: 212-815-1550
Fax: 212-815-1553

District Council **37**

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Retirees Association
Stuart Leibowitz

Honorable George E. Pataki
Governor of New York
Executive Chamber
State Capitol
Albany, NY 12224

December 14, 2006

**RE: Timothy's Law
S.8482/Libous – A.12080/Rules (Tonko)**

Dear Governor Pataki,

I am writing to urge you to approve S.8482/Libous – A.12080/Rules (Tonko). This legislation would amend the insurance law to prohibit the exclusion or limitation of benefits for mental illness and chemical dependency in certain health insurance plans.

According to a 1999 U.S. Surgeon General Report on mental health, about 1 in every 5 Americans under 18 years of age has a diagnosable mental disorder. The National Institute on mental health says that about 1 in every 10 persons under 18 have serious, impairing mental illnesses, such as major depression and anxiety disorders and fewer than 20% of them receive treatment.

Mental illness is not only common but it is real and treatable. Most of the individuals, who are treated for mental illness, improve. DC 37 believes that with effective treatment and effective intervention, real cost savings could be realized.

Timothy's Law is named for Timothy O'Clair, a New York State resident who at the age of twelve committed suicide as a result of being repeatedly denied necessary mental health services by his father's insurance company. We hope this hardship befall no other family.

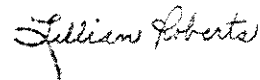
This legislation upholds the ideal that every worker in New York State is entitled to adequate health care without restrictions or limitations. This bill will direct insurance companies to eliminate discriminatory policies and institute mental health care benefits equal to standard physical health care. With mental health and substance abuse services available to all insured individuals, diagnoses and treatments would be distributed more efficiently.

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It is estimated that depression cost employers \$446 dollars a year in lost productivity. This bill would also benefit communities and the state. It would reduce absenteeism, high turnover, job dissatisfaction, accidents and personal conflicts. This would relieve some of the burden placed on public services and could additionally save the state money on an annual basis.

District Council 37 strongly supports this bill and every worker's right to adequate mental health care for themselves and their families. On behalf of our 121,000 members, I urge you to approve of this legislation.

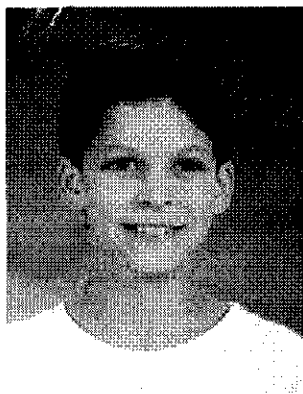
Sincerely,



Lillian Roberts
Executive Director

cc: Christopher Staszak

000025



Timothy O'Clair
May 5, 1988 - March 16, 2001

Timothy's Law Campaign

Working for health insurance parity for mental health and addiction treatment services.
737 Madison Avenue, Albany, New York 12208 518-432-0333 fax 518-434-6478 www.TimothysLaw.org

Governor George E. Pataki
Executive Chamber
State Capitol
Albany, NY 12224

December 14, 2006

RE: S.8482/A.12080, "Timothy's Law"

**Timothy's Law Campaign
Executive Committee**

Tom O'Clair

American Foundation for
Suicide Prevention

Alcohol and Substance Abuse
Providers of New York State

Coalition for the Homeless

Families Together in
New York State

Long Island Recovery
Advocates

Mental Health Association in
New York State

Medical Society of the State of
New York

National Alliance on Mental
Illness in New York State

National Association of Social
Workers - NYS Chapter

New York Association of
Psychiatric Rehabilitation
Services

New York State Coalition for
Children's Mental Health
Services

New York State Council for
Community Behavioral
Healthcare

New York State Psychiatric
Association

New York State Psychological
Association

New York State Rehabilitation
Association

Schuyler Center for Analysis
and Advocacy

Dear Governor Pataki:

We write on behalf of all New Yorkers to urge your swift approval of Timothy's Law, legislation that has won unanimous approval by the NYS Legislature. The bill would establish parity in the coverage of mental health treatment by HMOs and insurance plans, and is the product of advocacy efforts spanning some two decades. The Timothy's Law Campaign consists of more than 350 organizations that support mental health parity. The bill is named for Timothy O'Clair, a boy of twelve from Rotterdam who took his own life five years ago after experiencing the consequences of inadequate insurance coverage for his mental illnesses. Timothy would have turned 18 this year, graduated from high school, and attended his senior prom; it is fitting to name a law in his honor that will end discrimination by insurance plans and HMOs against people who need mental health care.

Support for the Agreement

The O'Clairs and the Timothy's Law Campaign support the agreement reached earlier this year; it is the product of necessary compromise and strikes a delicate balance: It does not cover some very important needs such as addictions and some mental health diagnoses such as post traumatic stress disorder, but it nevertheless establishes vital benefits and parity in mental health coverage for millions of New Yorkers.

We believe it will serve as an important foundation for the future, and are committed to working to strengthen the law going forward. Essential to the agreement is its inclusion of small employers *and their employees*, and its provisions to cover the cost of providing their mandated mental health coverage. The agreement could not have been reached without both including these workers *and* including the "hold harmless" provision for their employers. Just as New York State has helped people with AIDS and physicians, as well as small employers and farmers, to maintain vital insurance coverage through government subsidies, it can and should help small employers to maintain health insurance for their workers so that they may benefit from Timothy's Law just like their peers who work for larger corporations.

The Problems Caused by the Lack of Insurance Parity for Mental Health Care

The laws of New York currently permit our HMOs and health plans to limit coverage for mental health conditions - *indeed employers need not provide coverage for any mental health treatment at all*. Plans that do cover mental health care routinely charge much higher co-payments and deductibles for it compared with the fees they charge consumers for regular medical office visits. In recent years, top health plans have restricted coverage to "acute" mental health conditions susceptible to short-term treatment; excluded coverage for chronic mental illnesses; charged a \$50 per visit co-

pay for the 4th through 20th outpatient visits; and imposed 60-day (30 days per year) lifetime limits on inpatient psychiatric care. These restrictions are apparently lawful, and Timothy's Law seeks to remedy them because they act as barriers to necessary care.

Fundamentally, we see this as a matter of discrimination based on type of disability. An insurance plan can limit coverage for mental health visits even as it covers multiple office visits to help manage diabetes or heart disease, or expensive and unlimited treatments for cancer, costly organ transplants, or even the medical consequences of providing inadequate mental health coverage when someone is hospitalized *after* a suicide attempt.

The limits on coverage for mental health care cause numerous problems for those who need care, their families, and their caregivers, as well as the state's taxpayers. Families face prohibitively expensive cost sharing; treatment is interrupted or terminated prematurely; and those needing mental health care often careen from one crisis to the next. For some families, including the O'Clairs, parents face the agonizing decision to relinquish custody of their children to the state so that their needs can be met through Medicaid. *In fact, because coverage is now so limited, private insurance payments for licensed mental health care in New York account for just 20 percent of the care; public programs funded by taxpayers and out-of-pocket payments by consumers cover the remaining 80 percent.*

The Experience with Parity Laws is Positive

Thirty-nine other states have parity laws, and these states have not experienced the problems often cited by opponents: There is no evidence that employers drop health insurance when parity laws are enacted. Premium increases attributable to parity laws are negligible or nonexistent (sometimes premiums fall). The single greatest impact is typically a reduction in out-of-pocket costs for mental health consumers, but not rising costs for health plans. Managed care is a sufficient protection against unnecessary utilization.

Furthermore, employers stand to gain far more than any nominal premium costs because untreated mental illnesses cost them tens-of-millions of dollars per year in lost productivity.

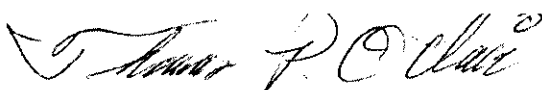
Last, taxpayers are understandably concerned about the rising cost of Medicaid, and the enactment of parity will undoubtedly relieve some of that pressure as health plans begin to cover their fair share of mental health care instead of shifting the burden to localities and the state.

We believe these points are well documented in the literature, some of which we have shared with your representatives, and in the research undertaken by the Insurance Department, Division of the Budget and Office of Mental Health.

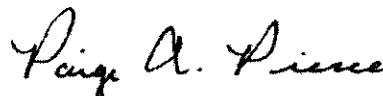
Conclusion

We are most appreciative for the time that your representatives have shared with us to consider these issues so fully (*see the attached summary*). We remain confident that this legislation represents an inspired and vital change in public policy that is long overdue. It is well crafted with sufficient safeguards for both employees and employers as well as the state, and prudent in its approach to addressing the many factors that make this such a pressing issue, and delicate compromise. It is our fervent hope that you will agree that Timothy's Law is worthy of your signature. Please accept our heartfelt thanks for your careful attention to the legacy of Timothy's Law.

Very sincerely yours,



Tom O'Clair
Co-Chairs, Timothy's Law Campaign



Paige Pierce

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Discussion Points regarding Timothy's Law

While much of our discussion with the Executive agencies centered on the objectives of Timothy's Law, and how we came to this compromise, we also discussed important additional issues related to matters of policy and implementation.

Following are questions we discussed in our meetings and our answers shown in italics.

1. If, as it appears may be the case, the cost of any impact on health premiums would be less than one percent, why is it necessary to provide the "hold harmless" premium coverage for small employers?

*The premium assistance required under Timothy's Law is necessary to the compromise, not because we believe it to be substantial (to the contrary), but because we needed to find a way to reach agreement on the single largest sticking point: How to include the employees of small employers and **also** hold their employers harmless from what was regarded by some lawmakers as an unknowable impact on their health premiums.*

This solution was crafted to achieve this important public policy objective with as much latitude as possible to enable the Superintendent of Insurance to design the most suitable and efficient mechanism for dealing with any real costs.

2. Why isn't it an ill-advised precedent to provide premium subsidies to small employers?

Timothy's Law would not constitute a precedent. New York has offered insurance premium subsidy assistance to others including people with AIDS to help them retain private insurance instead of shifting to Medicaid; to physicians for excess medical malpractice coverage, to farmers; and to small employers in the form of the stop-loss mechanism supported through HCRA funds for the Healthy New York program.

Even if this were a precedent, we believe the public policy objective is well justified for the people of New York who need mental health care, for their employers, and for our taxpayers.

We would also note that it is the current law that constitutes a bad precedent: Official state policy that sanctions discrimination against people with certain disabilities.

3. Isn't it impossible to administer the premium assistance for small employers through the Insurance Department?

We believe the language of the legislation offers the Superintendent of Insurance considerable latitude to fashion a suitable mechanism for administering the assistance to cover these costs for small employers. We were surprised to learn that this was being perceived as a problem because it might require the Insurance Department to affirmatively ascertain what the mental health premium amounts are for each employer and to issue checks to each such employer on its own.

Our understanding is the Department could do that, but we believe that a more customary approach such as is used in administering other public benefits is also possible. For example, the Insurance Department could establish an application mechanism with or without the participation of insurance plans and HMOs through which small employers would be permitted

to apply for the assistance with premiums. As we have noted, the assistance will be of limited value for the smallest employers, which already deduct insurance costs for tax purposes. The net benefit of applying for this subsidy may only attract interest from the largest of the small employers. We do not believe there would be a universal subscription rate with such an approach. As with any entitlement, the participation rate would likely be significantly below 100 percent.

On the other hand, the optional full parity coverage may be attractive to employers who, like many of the Timothy's Law Campaign Executive Committee, have been unable to purchase better coverage for mental health care through chambers of commerce and the like. It may therefore be possible, depending on how the whole law is implemented, for the optional and mandatory benefits for small employers to be packaged in some manner to minimize the amount of money that would need to change hands in order to meet the premium assistance requirement of the law.

4. What is the likely cost of this legislation?

We believe the cost of this legislation is negligible, particularly when avoided costs and productivity gains are considered. We understand that one estimate from the Insurance Department is that the cost would be in the range of \$92-\$101 million per year based on a per-member-per-month cost of \$3.85 for mental health benefits, and about 2 million covered lives. This estimate does not factor in any cost savings or avoidance for OMH, or for Medicaid, nor does it account for the productivity gains that these employers will certainly enjoy.

We also believe the number of covered lives may be fewer than 2 million – this number may possibly include people who have changed plans within the course of the reporting year. In addition, we discussed the possibility that the premium amount attributed to the mental health benefit may be high. By comparison to the dataset used in the actuarial study done to estimate the impact of a full parity law for New York, and the cost of mental health riders under current law, we believe the premium attributed to mental health will likely be below the one percent used in the initial calculations of the Insurance Department.

We hope that the preliminary estimate will be refined to provide a more precise premium number and price, and discounted to reflect both taxpayer costs, and productivity savings.

5. How would this law affect the Empire Plan?

If the Empire Plan is, as we were given to believe, exempt under ERISA, it would be exempt from the provisions of Timothy's Law. The Empire Plan benefit package includes another variation of mental health parity, so if it is not exempt under ERISA, as has been suggested more recently, we believe that any impact would nevertheless be negligible.



**Victims
Information
Bureau of
Suffolk**

*Veto #1
MEMO
96
VETO
OVERRIDE
CH. -*

*forms
CK*

January 19, 2006

By Facsimile: 518-474-1513

Governor George E. Pataki
State Capitol
Albany, NY 12224

Dear Governor Pataki:

We write to seek the assistance of New York State on behalf of the 550,000 New Yorkers with Medicare and Medicaid who are struggling to fill their prescriptions now that Congress has ended their Medicaid drug coverage. As you know, Medicare should now be paying for their drugs through a private drug plan. But, the Medicare Rights Center, which provides a counseling hotline for New Yorkers with Medicare under contract with the State Office for the Aging, has received and continues to receive scores of calls from poor and vulnerable New Yorkers turned away at the pharmacy.

The Centers for Medicare and Medicaid Services says it will iron out the problems, but in the meantime states have a critical role to play in ensuring the people with Medicaid and Medicare do not fall through the cracks when trying to secure their medications. Already, Maine, New Hampshire, North Dakota, Connecticut, Massachusetts and Vermont have recognized the public health emergency facing their older and disabled residents and have agreed to pay for their medications if, for whatever reason, they cannot otherwise fill their prescriptions. We urge that New York State does the same.

We are encouraged by the passage of the Gottfried/Silver Part D Medicaid bill passed by a vote of 135-0. The same bill introduced by Senator Hannon in the Senate S6410 will not be voted on until next week at the earliest.

We request an extension of your much-needed 7-day moratorium until such time as these bills are passed and signed by you into law.

Sincerely,

Pamela C. Johnston

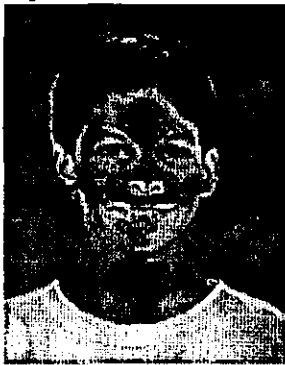
Pamela C. Johnston
Executive Director

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PO Box 5483, Hauppauge, New York 11788 ■ (631) 360-3730 ■ (631) 366-5242 Fax ■ [Http://www.vibs.org](http://www.vibs.org)

Participating Agency





Timothy O'Clair
May 5, 1988 - March 16, 2001

Timothy's Law Campaign

Working for health insurance parity for mental health and addiction treatment services.
737 Madison Avenue, Albany, New York 12208 518-432-0333 fax 518-434-6478 www.TimothysLaw.org

Governor George E. Pataki
Executive Chamber
State Capitol
Albany, NY 12224

December 14, 2006

RE: S.8482/A.12080, "Timothy's Law"

**Timothy's Law Campaign
Executive Committee**

Tom O'Clair

American Foundation for
Suicide Prevention

Alcohol and Substance Abuse
Providers of New York State

Coalition for the Homeless

Families Together in
New York State

Long Island Recovery
Advocates

Mental Health Association in
New York State

Medical Society of the State of
New York

National Alliance on Mental
Illness in New York State

National Association of Social
Workers - NYS Chapter

New York Association of
Psychiatric Rehabilitation
Services

New York State Coalition for
Children's Mental Health
Services

New York State Council for
Community Behavioral
Healthcare

New York State Psychiatric
Association

New York State Psychological
Association

New York State Rehabilitation
Association

Schuyler Center for Analysis
and Advocacy

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Support for the Agreement

The O'Clairs and the Timothy's Law Campaign support the agreement reached earlier this year; it is the product of necessary compromise and strikes a delicate balance: It does not cover some very important needs such as addictions and some mental health diagnoses such as post traumatic stress disorder, but it nevertheless establishes vital benefits and parity in mental health coverage for millions of New Yorkers.

We believe it will serve as an important foundation for the future, and are committed to working to strengthen the law going forward. Essential to the agreement is its inclusion of small employers *and their employees*, and its provisions to cover the cost of providing their mandated mental health coverage. The agreement could not have been reached without both including these workers *and* including the "hold harmless" provision for their employers. Just as New York State has helped people with AIDS and physicians, as well as small employers and farmers, to maintain vital insurance coverage through government subsidies, it can and should help small employers to maintain health insurance for their workers so that they may benefit from Timothy's Law just like their peers who work for larger corporations.

The Problems Caused by the Lack of Insurance Parity for Mental Health Care

The laws of New York currently permit our HMOs and health plans to limit coverage for mental health conditions - *indeed employers need not provide coverage for any mental health treatment at all*. Plans that do cover mental health care routinely charge much higher co-payments and deductibles for it compared with the fees they charge consumers for regular medical office visits. In recent years, top health plans have restricted coverage to "acute" mental health conditions susceptible to short-term treatment; excluded coverage for chronic mental illnesses; charged a \$50 per visit co-

pay for the 4th through 20th outpatient visits; and imposed 60-day (30 days per year) lifetime limits on inpatient psychiatric care. These restrictions are apparently lawful, and Timothy's Law seeks to remedy them because they act as barriers to necessary care.

Fundamentally, we see this as a matter of discrimination based on type of disability. An insurance plan can limit coverage for mental health visits even as it covers multiple office visits to help manage diabetes or heart disease, or expensive and unlimited treatments for cancer, costly organ transplants, or even the medical consequences of providing inadequate mental health coverage when someone is hospitalized *after* a suicide attempt.

The limits on coverage for mental health care cause numerous problems for those who need care, their families, and their caregivers, as well as the state's taxpayers. Families face prohibitively expensive cost sharing; treatment is interrupted or terminated prematurely; and those needing mental health care often careen from one crisis to the next. For some families, including the O'Clairs, parents face the agonizing decision to relinquish custody of their children to the state so that their needs can be met through Medicaid. *In fact, because coverage is now so limited, private insurance payments for licensed mental health care in New York account for just 20 percent of the care; public programs funded by taxpayers and out-of-pocket payments by consumers cover the remaining 80 percent.*

The Experience with Parity Laws is Positive

Thirty-nine other states have parity laws, and these states have not experienced the problems often cited by opponents: There is no evidence that employers drop health insurance when parity laws are enacted. Premium increases attributable to parity laws are negligible or nonexistent (sometimes premiums fall). The single greatest impact is typically a reduction in out-of-pocket costs for mental health consumers, but not rising costs for health plans. Managed care is a sufficient protection against unnecessary utilization.

Furthermore, employers stand to gain far more than any nominal premium costs because untreated mental illnesses cost them tens-of-millions of dollars per year in lost productivity.

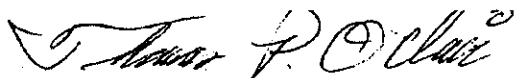
Last, taxpayers are understandably concerned about the rising cost of Medicaid, and the enactment of parity will undoubtedly relieve some of that pressure as health plans begin to cover their fair share of mental health care instead of shifting the burden to localities and the state.

We believe these points are well documented in the literature, some of which we have shared with your representatives, and in the research undertaken by the Insurance Department, Division of the Budget and Office of Mental Health.

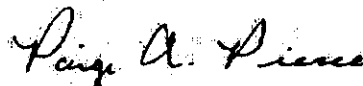
Conclusion

We are most appreciative for the time that your representatives have shared with us to consider these issues so fully (*see the attached summary*). We remain confident that this legislation represents an inspired and vital change in public policy that is long overdue. It is well crafted with sufficient safeguards for both employees and employers as well as the state, and prudent in its approach to addressing the many factors that make this such a pressing issue, and delicate compromise. It is our fervent hope that you will agree that Timothy's Law is worthy of your signature. Please accept our heartfelt thanks for your careful attention to the legacy of Timothy's Law.

Very sincerely yours,



Tom O'Clair
Co-Chairs, Timothy's Law Campaign



Paige Pierce

Discussion Points regarding Timothy's Law

While much of our discussion with the Executive agencies centered on the objectives of Timothy's Law, and how we came to this compromise, we also discussed important additional issues related to matters of policy and implementation.

Following are questions we discussed in our meetings and our answers shown in italics.

1. If, as it appears may be the case, the cost of any impact on health premiums would be less than one percent, why is it necessary to provide the "hold harmless" premium coverage for small employers?

The premium assistance required under Timothy's Law is necessary to the compromise, not because we believe it to be substantial (to the contrary), but because we needed to find a way to reach agreement on the single largest sticking point: How to include the employees of small employers and also hold their employers harmless from what was regarded by some lawmakers as an unknowable impact on their health premiums.

This solution was crafted to achieve this important public policy objective with as much latitude as possible to enable the Superintendent of Insurance to design the most suitable and efficient mechanism for dealing with any real costs.

2. Why isn't it an ill-advised precedent to provide premium subsidies to small employers?

Timothy's Law would not constitute a precedent. New York has offered insurance premium subsidy assistance to others including people with AIDS to help them retain private insurance instead of shifting to Medicaid; to physicians for excess medical malpractice coverage, to farmers; and to small employers in the form of the stop-loss mechanism supported through HCRA funds for the Healthy New York program.

Even if this were a precedent, we believe the public policy objective is well justified for the people of New York who need mental health care, for their employers, and for our taxpayers.

We would also note that it is the current law that constitutes a bad precedent: Official state policy that sanctions discrimination against people with certain disabilities.

3. Isn't it impossible to administer the premium assistance for small employers through the Insurance Department?

We believe the language of the legislation offers the Superintendent of Insurance considerable latitude to fashion a suitable mechanism for administering the assistance to cover these costs for small employers. We were surprised to learn that this was being perceived as a problem because it might require the Insurance Department to affirmatively ascertain what the mental health premium amounts are for each employer and to issue checks to each such employer on its own.

Our understanding is the Department could do that, but we believe that a more customary approach such as is used in administering other public benefits is also possible. For example, the Insurance Department could establish an application mechanism with or without the participation of insurance plans and HMOs through which small employers would be permitted

to apply for the assistance with premiums. As we have noted, the assistance will be of limited value for the smallest employers, which already deduct insurance costs for tax purposes. The net benefit of applying for this subsidy may only attract interest from the largest of the small employers. We do not believe there would be a universal subscription rate with such an approach. As with any entitlement, the participation rate would likely be significantly below 100 percent.

On the other hand, the optional full parity coverage may be attractive to employers who, like many of the Timothy's Law Campaign Executive Committee, have been unable to purchase better coverage for mental health care through chambers of commerce and the like. It may therefore be possible, depending on how the whole law is implemented, for the optional and mandatory benefits for small employers to be packaged in some manner to minimize the amount of money that would need to change hands in order to meet the premium assistance requirement of the law.

4. What is the likely cost of this legislation?

We believe the cost of this legislation is negligible, particularly when avoided costs and productivity gains are considered. We understand that one estimate from the Insurance Department is that the cost would be in the range of \$92-\$101 million per year based on a per-member-per-month cost of \$3.85 for mental health benefits, and about 2 million covered lives. This estimate does not factor in any cost savings or avoidance for OMH, or for Medicaid, nor does it account for the productivity gains that these employers will certainly enjoy.

We also believe the number of covered lives may be fewer than 2 million – this number may possibly include people who have changed plans within the course of the reporting year. In addition, we discussed the possibility that the premium amount attributed to the mental health benefit may be high. By comparison to the dataset used in the actuarial study done to estimate the impact of a full parity law for New York, and the cost of mental health riders under current law, we believe the premium attributed to mental health will likely be below the one percent used in the initial calculations of the Insurance Department.

We hope that the preliminary estimate will be refined to provide a more precise premium number and price, and discounted to reflect both taxpayer costs, and productivity savings.

5. How would this law affect the Empire Plan?

If the Empire Plan is, as we were given to believe, exempt under ERISA, it would be exempt from the provisions of Timothy's Law. The Empire Plan benefit package includes another variation of mental health parity, so if it is not exempt under ERISA, as has been suggested more recently, we believe that any impact would nevertheless be negligible.



NASW NEW YORK STATE CHAPTER

National Association of Social Workers
Mary L. McCarthy, PhD, LMSW
President

Reinaldo Cardona, MSSW, LCSW
Executive Director

December 14, 2006

Governor George E. Pataki
Executive Chamber
State Capitol
Albany, NY 12224

Dear Governor Pataki:

RE: S.8482 (Libous, et al.)/A.12080 (Tonko, et al.), "Timothy's Law"

The National Association of Social Workers, New York State Chapter strongly supports this legislation and urges you to sign it into law. NASW-NYS strongly supports this bill, as it would end the discriminatory practices in treatment for mental illness. Enacting this legislation would permit to New York to follow the lead of the 35 other states, which presently have some form of Mental Health parity legislation. Furthermore, New York State is the only State in the Northeast without a Mental Health Parity statute.

According to the National Institute of Mental Health, (NIMH), an estimated 22% of Americans ages 18 and older suffer from a diagnosable mental disorder in a given year. According to the Surgeon General's Report on Mental Health, 1 in 5 children have a diagnosable mental, emotional or behavioral disorder and up to 1 in 10 may suffer from a serious emotional disturbance. This report further states that 70% of these children do not receive mental health services.

Research has continually shown that treatment works and is cost effective. According to the National Institute for Mental Health, the success rate for treatment for a first episode of schizophrenia is 60%, the rate for major depression is 65% to 70% and the success rate for treating bipolar disorder is 80%. The success rate for angioplasty (an insurance covered procedure) is only 41%. Furthermore, there is no evidence which demonstrate a rise in health care costs when mental health services are provided in a manner equitable with other health services.

NASW-NYS urges you to provide all New Yorkers with the access to adequate mental health and treatment, to promote good health and save lives.

Sincerely,

Reinaldo Cardona, MSSW, LCSW
Executive Director, National Association of Social Workers
New York State Chapter



NAMI-NEW YORK STATE

National Alliance on Mental Illness - New York State

260 Washington Avenue • Albany • New York 12210 • email: naminy@naminy.org
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Executive Director

J. David Seay, Esq.

December 14, 2006

The Honorable George E. Pataki
Governor
State of New York
Executive Chamber
The Capitol
Albany, NY 12224

Dear Governor Pataki:

On behalf of our thousands of members and 58 local affiliate organizations across New York – and indeed on behalf of all New Yorkers affected by the brain disorders known as mental illness – we implore you to sign Timothy’s Law for mental health parity in health plans. What an opportunity this presents for you to leave a positive and lasting legacy in New York. You began your tenure as the “mental health governor” and now, many years later, you can proudly leave office with that same title.

All data show the fiscal impact of such legislation to be minimal. Other states that have adopted mental health parity – and there have been 38 of them, as well as the federal employees’ health plan and many large corporations voluntarily – have all consistently found premium increases due to parity in the range of 1% or less. And it will actually save the state money under Medicaid and the state Office of Mental Health. Moreover, it is just the right thing to do.

-We thank you in advance for your support. Please sign Timothy’s Law.

Most Cordially,

Sherry Grenz
President

J. David Seay, Esq.
Executive Director



Celebrating 25 Years of Families Helping Families

000036



The National Alliance on Mental Illness
 505 Eighth Avenue • Suite 1103 • New York, NY 10018
 212.684.3365 • 212.684.3264 (Helpline) • 212.684.3364 (Fax)
www.naminycmetro.org

December 14, 2006

Governor George E. Pataki
 State Capitol
 Albany, NY 12224

Dear Governor Pataki:

The National Alliance on Mental Illness of New York City urges you to approve Timothy's Law (A. 12080 / S.8482), which would require all eligible businesses in New York State to provide a minimum level of coverage for mental health services and require larger eligible employers to provide substantially equal coverage for health and mental health services. NAMI-NYC Metro is pleased at the prospect of joining more than 35 states that currently have a mental health parity law in place. This legislation is an important first step to ending discrimination against people with mental illnesses, preventing unnecessary suffering and improving the productivity of the New York State economy.

The good news is that mental health treatment works and that early intervention significantly enhances the effectiveness of treatment. The bad news is that only one out of two Americans who need mental health treatment receives it. Many of those who do not seek treatment refrain from doing so because they find the costs prohibitive. In some cases, the additional costs may be merely a few hundred dollars. But for working class people struggling to keep their heads above water, a few hundred dollars can be a real problem. And for many people these costs can easily run into thousands, or tens of thousands, of dollars.

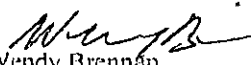
In addition to the personal toll, untreated mental illness in workers and their families is also damaging to the American economy. Untreated mental illness leads to increased absenteeism, distraction from work, accidents, turnover, disruptions in teamwork and utilization of health care for "physical" symptoms that result from mental health conditions. It also leads to increased disability claims and higher health care costs. At a time when high health care costs are preventing some companies from competing in the marketplace, controlling health care costs is becoming a matter of economic survival.

New research is demonstrating that untreated mental health *significantly increases* the cost of overall health care. That is why **insurance companies like Aetna** are paying primary care doctors additional fees to screen *and* treat patients for depression. Preliminary research from Aetna's depression screening initiative found that identifying patients with depression *and* covering the costs of mental health services and medications for mental health conditions will yield **significant overall health care costs savings**.

Several large, self-insured employers have also reported improved productivity and reduced health care costs after eliminating restrictive mental health coverage limits, an essential component to any effective workplace mental health management program. How could this be the case?

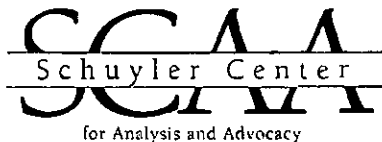
- Because accessible, timely, appropriate treatments have been shown to reduce relapse rates and hospitalizations, the most expensive form of treatment.
- Because there is a cause-and-effect relationship between untreated and under-treated mental illness and employee productivity, such that even if more generous mental health benefits were to raise health care costs (which the 2006 Federal Employees Health Benefit study found would *not* be the case), the benefits in productivity greatly outweigh such increases.
- Because research has shown that making arbitrary distinctions between health and mental health is not good science, is not good for businesses and not good for people who work in New York.

The New York State Senate and Assembly have already passed Timothy's Law and we therefore ask for your signature to allow Timothy's Law to become law. Timothy's Law is good for families *and* good for businesses. Signing this legislation is both the compassionate *and* the smart thing to do.


 Wendy Brennan
 Executive Director, NAMI-NYC Metro

Your Local Voice on Mental Illness.

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for Analysis and Advocacy

December 14, 2006

Governor George E. Pataki
Executive Chamber
State Capitol
Albany, NY 12224

Dear Governor Pataki:

RE: S.8482 (Libous, et al.)/A.12080 (Tonko, et al.),
"Timothy's Law"

SCAA strongly supports this legislation and urges you to sign it into law. Mental illness is common and can happen to anyone at any time. In any given year, approximately 20% of the population suffers from a mental health disorder. Mental illness ranks first among illnesses that cause disability in the United States, Canada and Western Europe.1

Despite the development of effective treatments, many New Yorkers are unable to access treatment services because their health insurance does not cover their mental illness or the out-of-pocket expenses are unaffordable. Parents of children with serious behavioral and emotional disorders are often forced to relinquish custody of their children in order to get needed mental health care. This situation has cost New York's families and communities far too much for far too long.

Over 30 states have passed laws requiring health insurance carriers to provide the same level of coverage for mental illnesses as they do for any other physical illness. The federal government and New York State offer parity to their employees. There has been no evidence that health care costs rise and/or lead to an increase in the uninsured when mental health services are provided in a manner that is equitable with other services. There is ample evidence that when there is parity in health insurance, people who are covered by insurance save money and do not face financial ruin. As Governor of a state that offers parity to its employees, we ask that you extend this benefit to more New Yorkers and make Timothy's Law the law in New York State.

Sincerely,

Karen Schimke (handwritten signature)

Karen Schimke
President and CEO

1 World Health Organization. (2001) The World Health Report 2001 - Mental Health: New Understanding, New Hope. Geneva: World Health Organization

www.scaany.org

Albany

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Governor's Office
(518) 474-8099

I am writing as a professional Social Worker, and Member of the National Association of Social Workers (NASW), Oregon Chapter, to urge you to quickly sign Timothy's Law. I commend the Senate and Assembly for working together to develop this monumental legislation, which will vastly improve the quality of life for all New Yorkers.

Enacting this legislation would permit to New York to follow the lead of the 35 other states, which presently have some form of Mental Health parity legislation. Furthermore, New York State is the only State in the Northeast without a Mental Health Parity statute.

Research has continually shown that treatment works and is cost effective. According to the National Institute for Mental Health, the success rate for treatment for a first episode of schizophrenia is 60%, the rate for major depression is 65% to 70% and the success rate for treating bipolar disorder is 80%. The success rate for angioplasty (an insurance covered procedure) is only 41%. There is no evidence which demonstrate a rise in health care costs when mental health services are provided in a manner equitable with other health services.

I encourage you during this time of giving, that you give the citizens and families of New York State, the access to adequate mental health and treatment, which will save lives.

In 2005 we passed Mental Health Parity in the state of Oregon, with the support of our Governor Ted Kulongowski. I encourage you to do the same for the state of New York.

Sincerely,

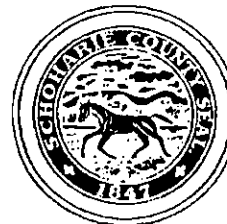
A handwritten signature in black ink that reads "Stacey Skala Orr". The signature is written in a cursive, flowing style.

Stacey Skala Orr, MSW
Executive Director
National Association of Social Workers (NASW), Oregon Chapter

C748

**Schoharie County
Office of Community Services**

PO Box 160 Schoharie, New York 12157
Joseph M. Patterson, MS - Director of Community Services
Telephone: (518) 295-8407 Fax: (518) 295-8399



November 14, 2006

Honorable George E. Pataki
Governor, State of New York
State Capitol
Albany, NY 12224

Dear Governor Pataki:

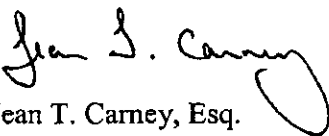
The Schoharie County Community Services Board, in our role under Article 41 of NYS Mental Hygiene Law, has been closely observing the status and progress of Timothy's Law (S.8482/A12080). This important bipartisan mental-health parity legislation addresses the needs of New York State residents who deserve the opportunity to receive services that will help improve their safety and their quality of life.

Insurance coverage for mental health care is a serious issue deserving our attention. As Timothy O'Clair has shown us, mental illness in its most extreme form can be debilitating and life threatening. To stay on the path of creating a healthier New York State, we must do our best to ensure that medical care is accessible to people in need. Our residents should have the opportunity to receive services that will improve their safety and quality of life. Therefore, we believe that behavioral health care coverage should be comparable to that of other medical services.

You have consistently and strongly led New York State in this area, so we know you understand the importance of a healthy New York. We encourage you to strongly consider this important legislation and hope that you will move to enact Timothy's Law (S.8482/A12080) when it reaches your desk.

We thank you very much for your consideration of the residents of Schoharie County and the great State of New York.

For the Schoharie County Community Services Board


Jean T. Carney, Esq.
Chairperson

cc: Hon. Eliot Spitzer, Governor Elect

December 21, 2006

Governor George E. Pataki
Executive Chamber
State Capitol
Albany, NY 12224

RE: S.8482 (Libous, et al.)/A.12080 (Tonko, et al.), "Timothy's Law"

Dear Governor Pataki:

I am writing on behalf of the National Association of Social Workers ("NASW"), to urge you to sign S.8482/A.12080 ("Timothy's Law") into law.

The National Association of Social Workers is the largest organization of professional social workers in the world with 150,000 members. Created in 1955 by the merger of seven predecessor social work organizations, the purposes of NASW include improving the quality and effectiveness of social work practice in the United States and developing and disseminating high standards of social work practice, concomitant with the strengthening and unification of the social work profession as a whole. In furtherance of these purposes, NASW promulgates professional standards, conducts research, prepares studies of interest to the profession, sponsors the NASW press, provides opportunities for continuing education, and enforces the *NASW Code of Ethics*.

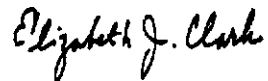
Social work has been identified as one of the five core mental health disciplines. "Among NASW members, 33 percent identify mental health as their primary practice area." ("Mental Health," *Social Work Speaks*, 7th Ed., 2006, p. 270). NASW's policy statement on mental health supports the position that "mental health treatment be provided in parity with treatment for other types of illness in all health care plans." (*Social Work Speaks*, 7th Ed., 2006, p. 271). Numerous state NASW chapters have followed this lead and supported parity in their individual States.

Mental health parity seeks to end the discriminatory practices in treatment for mental illness. Enacting this legislation would permit New York to follow the lead of over 30 states which presently have some form of mental health parity law. Furthermore, New York is the only state in the northeast without a mental health parity law.

Research has continually shown that treatment works and is cost effective. According to the National Institute for Mental Health, the success rate for treatment for a first episode of schizophrenia is 60%, the success rate for major depression is 65% to 70%, and the success rate for treating bipolar disorder is 80%. The success rate for angioplasty (an insurance covered procedure) is only 41%. Furthermore, there is no evidence which demonstrates a rise in health care costs when mental health services are provided in a manner equitable to other health services.

NASW strongly believes that all health insurance plans should provide beneficiaries with full coverage of mental health care and substance abuse treatment. As Governor of a state that offers parity to its employees, we ask that you extend this benefit to more New Yorkers and make Timothy's Law the law in New York State.

Sincerely,



Elizabeth J. Clark, PhD, ACSW, MPH
Executive Director

cc: Sara Paupini, Esq.

000042



New York Association of Psychiatric Rehabilitation Services
 3 Columbus Place • Albany, NY 12207 • phone: (518) 436-0000 fax: (518) 436-0000

MEMORANDUM OF SUPPORT

December 14, 2006

- A. 12080 Rules (at request of Assemblymember Tonko, et al.)
 S. 8482 Senator Libous, et al.

An act to amend the insurance law, in relation to enacting "Timothy's Law "; and providing for the repeal of such provisions on the expiration thereof

On behalf of the thousands of New Yorkers with psychiatric disabilities and the community mental health providers who support them who make up our statewide membership, NYAPRS strongly supports this bill.

This legislation would constitute New York's first step toward enacting full parity of insurance coverage by mandating inclusion of certain mental health treatment in group health insurance contracts. It - represents a long-overdue change sought by mental health consumers and providers alike.

New York is the only state in the country that does not have a mandated minimum for mental health coverage by private health plans. Additionally, under current law HMOs and other health insurance plans are permitted to discriminate against those with mental health and addiction treatment needs by charging much higher co-payments and deductibles compared with the fees they charge consumers for regular medical office visits. Many plans also exclude coverage for chronic mental illnesses or impose restrictive limits on inpatient and outpatient care. That is why New Yorkers desperately need Timothy's Law.

For example, top HMOs and health plans in New York have restricted mental health coverage to "acute" mental health conditions susceptible to short term treatment, excluded coverage for chronic mental illnesses; charged a \$50 per visit co-pay for the 4th through 20th outpatient visits; and imposed 60-day (30 days per year) lifetime limits on inpatient psychiatric care. All of these restrictions are lawful under New York statutes, as well as the limited federal laws, which merely prohibit separate annual and lifetime dollar limits for mental health care.

Most arguments against parity are rooted in myths about its potential impact upon small employers - that their premiums would rise to such a degree that many would drop health insurance altogether. Myths, because parity laws in other states have not proved burdensome - not a single state has repealed this mandate. And, in study after study, the real result is lower out-of-pocket costs for consumers, and even savings under the broadest laws, as the locus of care shifts to outpatient settings and the need for more

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costly inpatient care is averted. Businesses elsewhere have not dropped coverage or switched to self-insured status to any appreciable degree. The few that have made changes do not cite parity as the reason for the change.

A PricewaterhouseCoopers actuarial analysis for the New York insurance market estimated parity would cost \$1.26 more per member per month to provide unlimited mental health and addiction treatment coverage for all employers not exempt under federal law (ERISA).

This bill would create a two-tiered mental health benefit structure comprised of two mandates for large employers and a subsidized mandate paired with a "subscriber option" for the same coverage for groups with 50 or fewer employees.

The provision that is applicable to all employers that offer health insurance not exempt under federal law (self-insured plans) or state law (Healthy New York, Child Health Plus, Family Health Plus) would require broad based mental health coverage including at least 20 outpatient days and 30 inpatient days, with co-payments and deductibles comparable to those used for physical ailments (financial parity). Exclusions may be no more restrictive than the state's parity-based coverage for civil servants (and lawmakers), the Empire Plan. Exclusion of chronic mental illnesses would thereby be prohibited.

Importantly, the law requires the superintendent of insurance to "develop a methodology to fully cover the cost" of the base benefit mandate for employers with fifty or fewer employees.

In addition to this base benefit is a parity benefit. The parity benefit also includes "financial parity," and is required for all non-exempt employers with more than 50 employees. This same coverage is optional for small employers. It provides unlimited mental health coverage of medically necessary care for children and adults with the following diagnoses: schizophrenia/psychotic disorders, major depression, bipolar disorder, delusional disorders, panic disorder, obsessive compulsive disorders, anorexia, and bulimia.

It also provides unlimited coverage for children under age 18 who have serious emotional disturbances and are diagnosed with attention deficit disorders, disruptive behavior disorders, or pervasive development disorders, where there are serious suicidal symptoms or other life-threatening self-destructive behaviors; significant psychotic symptoms (hallucinations, delusion, bizarre behaviors); behavior caused by emotional disturbances that place the child at risk of causing personal injury or significant property damage; or behavior caused by emotional disturbances that place the child at substantial risk of removal from the household.

Passage of this bill would mark the beginning of fair treatment for many New Yorkers by recognizing that mental health care is health care. While this will not achieve full parity, and there is still work to be done on that front, the legislature will achieve significant progress by passing Timothy's Law now.

Accordingly, NYAPRS strongly urges the passage of this bill.

For further information please contact Harvey Rosenthal, Executive Director at 518-436-0008.



New York Association of Psychiatric Rehabilitation Services
1 Columbia Place Albany, NY 12207 PHONE: (518) 436-0008 FAX: (518) 436-0044

FAX FROM

- Harvey Rosenthal
ext. 12
HarveyR@nyaprs.org
- Mary McLaughlin
ext. 23
MaryM@nyaprs.org
- Kelly Adams
ext. 14
KellyA@nyaprs.org
- Mat Mathai
ext. 19
MathewM@nyaprs.org
- Barbara Hall
ext. 17
BarbaraH@nyaprs.org
- Tanya Stevens
ext. 18
TanyaS@nyaprs.org
- Noelle Pollet
ext. 30
NoelleP@nyaprs.org
- Amanda Wray
ext. 11
AmandaW@nyaprs.org

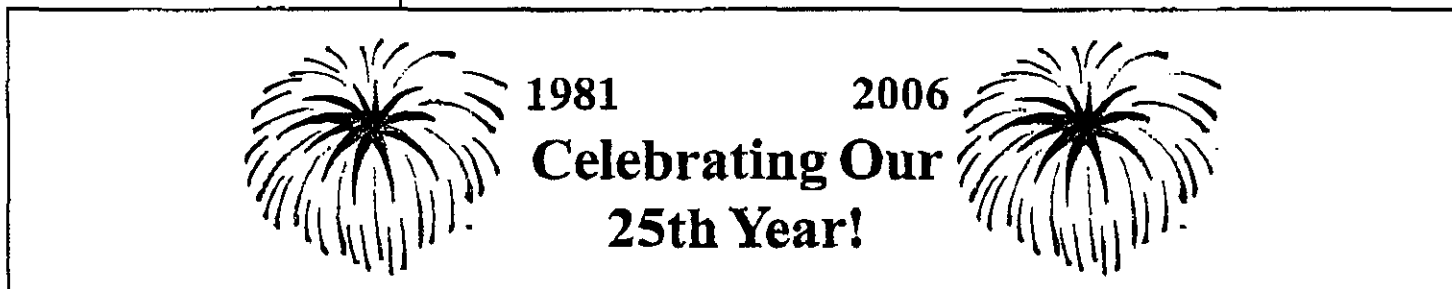
Date: 12-14-06

To: Governor's Counsel Office

Re: Memorandum of Support

If you do not receive 3 pages including this cover sheet,
please call the sender at number to advise.

Message:



**SAMPLE OF
CORRESPONDENCE
ONLY**

HELP EQUITY HOMES
685 Brookhaven Avenue
Bellport, New York 11713

January 19, 2006

By Facsimile: 518-474-1513

Governor George E. Pataki
State Capitol
Albany, NY 12224

Dear Governor Pataki:

We write to seek the assistance of New York State on behalf of the 550,000 New Yorkers with Medicare and Medicaid who are struggling to fill their prescriptions now that Congress has ended their Medicaid drug coverage. As you know, Medicare should now be paying for their drugs through a private drug plan. But, the Medicare Rights Center, which provides a counseling hotline for New Yorkers with Medicare under contract with the State Office for the Aging, has received and continues to receive scores of calls from poor and vulnerable New Yorkers turned away at the pharmacy.

The Centers for Medicare and Medicaid Services says it will iron out the problems, but in the meantime states have a critical role to play in ensuring the people with Medicaid and Medicare do not fall through the cracks when trying to secure their medications. Already, Maine, New Hampshire, North Dakota, Connecticut, Massachusetts and Vermont have recognized the public health emergency facing their older and disabled residents and have agreed to pay for their medications if, for whatever reason, they cannot otherwise fill their prescriptions. We urge that New York State does the same.

We are encouraged by the passage of the Gottfried/Silver Part D Medicaid bill passed by a vote of 135-0. The same bill introduced by Senator Hannon in the Senate S6410 will not be voted on until next week at the earliest.

We request an extension of your much-needed 7-day moratorium until such time as these bills are passed and signed by you into law.

Sincerely,



Joan Avolese March
Program Director

000047



Opportunities Industrialization Center of Suffolk, Inc.
P.O. Box 1266 1 Commerce Blvd West Babylon, NY 11704 631 841-0841

January 19, 2006

By Facsimile: 518-474-1513

Governor George E. Pataki
State Capitol
Albany, NY 12224

Dear Governor Pataki:

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Sincerely,

Florence Joyner
CEO/Executive Director

000048



National Association of Puerto Rican
Hispanic Social Workers, Inc.

P.O. Box 651 • Brentwood, New York 11717
Phone & Fax: 631-864-1536

January 19, 2006

By Facsimile: 518-474-1513

Governor George E. Pataki
State Capitol
Albany, NY 12224

Dear Governor Pataki:

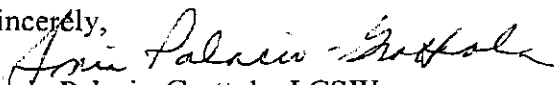
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Sincerely,


Sonia Palacio-Grottola, LCSW
2nd Vice President



The Pederson-Krag Center
Behavioral Health Care

January 19, 2006

By Facsimile: 518-474-1513

Governor George E. Pataki
State Capitol
Albany, NY 12224

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We request an extension of your much-needed 7-day moratorium until such time as these bills are passed and signed by you into law.

Sincerely,


Anita Fleishman, LCSW
CEO/Executive Director

AF:an

Administrative Offices
55 Horizon Drive • Huntington, NY 11743 • 631.920.8000
Pederson-Krag.org



The Townwide Fund
of Huntington, Inc.

000050



Long Island's
United Way



Building Better Lives

January 20, 2006

Governor George E. Pataki
State Capitol
Albany, N.Y. 12224

Dear Governor Pataki:

We write to seek the assistance of New York State on behalf of the 550,000 New Yorkers with Medicare and Medicaid who are struggling to fill their prescriptions now that Congress has ended their Medicaid drug coverage. As you know, Medicare should now be paying for their drugs through a private drug plan. But, the Medicare Rights Center, which provides a counseling hotline for New Yorkers with Medicare under the contract with the State Office for the Aging, has received and continues to receive scores of calls from poor and vulnerable New Yorkers turned away at the pharmacy.

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We request an extension of your much-needed 7-day moratorium until such time as these bills are passed and signed by you into law.

Sincerely,

Nancy Nunziata
Executive Director
HELP USA/Suffolk

Housing Programs
Domestic Violence Housing
Permanent Housing
Transitional Housing

Job Training
Building Maintenance
Computer
Culinary Arts
Entrepreneurial
Life Skills
Placement and Retention Services
Security

Support Services
Case Management Services
Dental Services
Domestic Violence Services
Employment Counseling
Food Pantries
GED Classes
Housing Assistance
Medical Services
Mental Health Counseling
Resident Advocacy Councils
Substance Abuse Services

Youth Services
Mentoring USA
After School Programs
Daycare
Early Childhood Education

Housing Facilities
Bronx, NY
HELP Bronx Crotona
HELP Bronx Morris
Brooklyn, NY
Genesis Homes
Genesis Neighborhood Plaza
HELP Brownsville Women's Center
HELP New Horizons
HELP 1

Buffalo, NY
Hickory Street Apartments

Houston, TX
Corder Place Apartments

Las Vegas, NV
St. Vincent HELP
Bonanza View Apartments

Manhattan, NY
Genesis Robert F. Kennedy Apartments
HELP Harbor
HELP Haven
HELP Safe Dwelling Program
HELP Supportive Employment Center

Nassau County, NY
HELP Equity Homes

Philadelphia, PA
Genesis Square Apartments
Genesis Square Townhouses

Suffolk County, NY
HELP Suffolk
Scattered-Site Housing Program

Westchester County, NY
Emergency Housing Program
WestHELP Greenburgh
WestHELP Mount Vernon

000051

=== COVER PAGE ===

TO: _____

FROM: CFTH ALBANY

FAX: 5184365615

TEL: 5184365612

COMMENT:

Mental Health Association in New York State, Inc.

194 WASHINGTON AVENUE, ALBANY, NY 12210, SUITE 415
Working to ensure available and accessible mental health services for all New Yorkers



Glenn Liebman, *CEO*

Mark Gustin, *Chair of the Board*

Fax Transmittal Form

To: Governor Pataki **Fax No:** 474-8099

From: Glenn Liebman, CEO **Fax No:** 518-427-8676

Re: Timothy's Law

Date: December 15, 2006 **No. of Pages (including cover)** 2

This facsimile contains CONFIDENTIAL INFORMATION, which may be legally privileged and is intended only for the use of the addressee named above. If you are not the intended recipient, you are hereby notified that any dissemination or copying of this facsimile is prohibited. If you have received this facsimile in error, please notify us by telephone and return the original to us at the above address via the United States Postal Service. Thank you.

Health Association of New York State, Inc.
STATE OF NEW YORK

Glenn Liebman, CEO

Janine Dykeman, Board Chair

S. 8482

A. 12080

SENATE - ASSEMBLY

June 23, 2006

IN SENATE -- Introduced by Sens. LIBOUS, MORAHAN, SPANO, BRUNO, FARLEY, ALESI, BALBONI, BONACIC, DeFRANCISCO, FLANAGAN, FUSCHILLO, GOLDEN, HANNON, JOHNSON, LARKIN, LAVALLE, LEIBELL, LITTLE, MALTESE, MARCELLINO, MARCHI, MAZIARZ, NOZZOLIO, PADAVAN, RATH, ROBACH, SALAND, SKELOS, TRUNZO, VOLKER, WINNER, WRIGHT, YOUNG -- read twice and ordered printed, and when printed to be committed to the Committee on Rules

IN ASSEMBLY -- Introduced by COMMITTEE ON RULES -- (at request of M. of A. Tonko, P. Rivera, Grannis, Gottfried, Brennan, Jacobs, Clark, Hoyt, Gunther, Cahill, Alessi, Aubry, Benjamin, Bing, Boyland, Bradley, Canestrari, A. Cohen, Colton, Cook, Cusick, Cymbrowitz, DiNapoli, Dinowitz, Eddington, Englebright, Galef, Gianaris, Glick, Green, Greene, Hikind, Koon, Lafayette, Lavelle, Lifton, Lupardo, McEneny, Millman, O'Donnell, Ortiz, Paulin, Peoples, Perry, Pfeffer, Powell, J. Rivera, Schroeder, Sweeney, Towns, Weinstein, Weisenberg) -- read once and referred to the Committee on Insurance

AN ACT to amend the insurance law, in relation to enacting "Timothy's law"; and providing for the repeal of such provisions upon expiration thereof

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. Legislative finding and intent. The legislature hereby
2 declares that health insurance policies and health maintenance organiza-
3 tion contracts have not provided comparable coverage for adults and
4 children with biologically based mental illness or serious emotional
5 disturbance disorders affecting children under the same terms and condi-
6 tions as provided for medical treatment for physical illnesses.
7 Although federal law has prohibited the imposition of lower annual and
8 lifetime dollar limits by certain plans on mental health coverage, it is
9 the intent of this legislation to strengthen and enhance those
10 protections, and to ensure that mental health coverage provided by
11 insurers and health maintenance organizations and other providers is
12 comparable to other health care and medical services. Nothing in this
13 act is intended to limit or restrict the right of health maintenance
14 organizations and health insurers to require that all services covered
15 by them satisfy reasonable and appropriate utilization review require-
16 ments, in accordance with their contracts, and applicable law and regu-
17 lations, provided that such utilization review requirements are applied
18 in a consistent fashion to all services covered by such contracts.
19 § 2. Short title. This act shall be known and may be cited as
20 "Timothy's law".

Governor Pataki,
Please sign this!
←

EXPLANATION--Matter in italics, underlined and enclosed in brackets is proposed new language. Working to ensure available and accessible mental health services to all New Yorkers. This is old law to be omitted.

 Visiting Nurse Service Of New York
We Bring The Caring Home®

Carol Raphael
PRESIDENT AND CHIEF EXECUTIVE OFFICER

December 19, 2006

Governor George E. Pataki
Executive Chamber
State Capitol
Albany, NY 12224

Dear Governor Pataki:

On behalf of the Visiting Nurse Service of New York (VNSNY), I am writing to urge you to sign into law S.8482/A.12080, also known as Timothy's Law, which was unanimously passed by both houses. This legislation would improve access to needed mental health care for children and adults by providing parity in insurance coverage for psychiatric illnesses.

The Visiting Nurse Service of New York offers a wide range of community mental health programs that serve the severely and persistently mentally ill and provide geriatric mental health management and services for the homeless. In addition, VNSNY provides a comprehensive array of services and programs to pregnant women, new parents and their infants, and to children with acute and chronic illnesses and/or developmental delays. Quite often the children and families that we serve are in need of mental health services and are unable to attain them due to the lack of insurance coverage for mental health care. As a result, people do not get the treatment that could help them and experience suffering that could be avoided if mental health treatment were accessible. Therefore, VNSNY strongly supports the enactment of Timothy's Law to end discriminatory and unequal insurance coverage for mental health services by insurance companies in New York State.

Thank you for your consideration of this important matter. Please let me know if VNSNY can be of any further assistance.

Sincerely,



Cc: Richard Platkin
Carolyn Kerr
Megan Kearney

000056



Visiting Nurse Service Of New York
We Bring The Caring Home®

Carol Raphael
PRESIDENT AND CHIEF EXECUTIVE OFFICER

December 19, 2006

Governor George E. Pataki
Executive Chamber
State Capitol
Albany, NY 12224

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Thank you for your consideration of this important matter. Please let me know if VNSNY can be of any further assistance.

Sincerely,



Cc: Richard Platkin
Carolyn Kerr
Megan Kearney



90 State Street • Suite 825
 Albany, New York 12207-1717
 518.462.2293
 Fax: 518.462.2150
 www.nyhpa.org

December 16, 2006

Richard Platkin
 Counsel to the Governor
 Executive Chamber
 State Capitol
 Albany, New York 12224

RE: S.8482/A.12080 – Legislation in relation to expanding mental health benefits in all fully insured policies.

Dear Mr. Platkin

The above-mentioned legislation, S.8482/A.12080, establishes parity in the provision of mental health services provided in all large group policies by requiring coverage of these services be “at least equal to the coverage provided for other health conditions” and mandates a standard mental health benefit (20 outpatient visits/30 inpatient days) for all small group policies issued in New York. The legislation also creates new comprehensive mental health coverage for children with specific diagnoses. The New York Health Plan Association (HPA) appreciates this opportunity to outline our concerns about this legislation.

Over the past several years, HPA has worked diligently with lawmakers and advocates in crafting this compromise legislation. Importantly, this proposal includes “parity” in the administration of these new benefits by specifically permitting plans to utilize the same tools used in managing physical illness. Additionally, in an effort to dampen the significant costs associated with this type of legislation, the Legislature limited the scope of conditions covered by this legislation by not requiring coverage of every condition listed in the Diagnostic and Statistical Manual for Mental Disorders-IV (DSM-IV). Finally, the Legislature also acknowledged the already high cost of health insurance for small businesses by requiring the cost of this new mandated benefit in the small group market be reimbursed by the state’s general fund.

HPA could have taken a position of “no objection” to this legislation if it was passed and sent to the Governor in June when first introduced – or even in September when the Senate passed the bill. However, signing this legislation into law now, with a January 1, 2007 effective date, represents a very challenging implementation problem for health plans. In order to meet the requirement of this law on January 1, every plan must issue contract and policy amendments to include these new benefits. To do so, plans must file (with significant due diligence) price changes with the Department of Insurance. Additionally, plans are legally required to provide notice to contract holders of the change in benefits and premiums. Similarly, many plans may need to contract with additional providers to ensure the availability of new services

OFFICERS:

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 Oxford Health Plans

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 Preferred Care

Secretary
 David Olicker
 MVP Health Care

Treasurer
 Ilene Margolin
 GHI

President & CEO
 Paul F. Macielak

000059

required under this legislation. Finally, the legislation will require many plans to restructure benefit designs – most notably co-payments amounts that have typically been set at higher rates for these services. Effective changes in copayment policies often take several months to implement with extensive communications between the plan, providers and members. Such a scenario will cause considerable confusion and unnecessary hardship on the plans and their members. As a practical matter, without extraordinary statutory or administrative relief from governmental regulatory agencies it will be impossible to be in legal and technical compliance with current law and regulation while implementing the legislation for policies issued on or after January 1, 2007.

HPA also notes a drafting error in the bill that severely distorts the intent of this legislation. In sections three, four and five of the bill, bill drafters included the term “active treatment” in relation to outpatient coverage requirements. This is a term used in the Mental Hygiene Law, which specifically relates to *inpatient* coverage in psychiatric facilities. When applied to outpatient treatments, this would mean that an individual could only gain access to outpatient services if they are or were in a psychiatric facility. This is not the intent of the legislation and if implemented as drafted would inadvertently deny consumers the outpatient benefits they expect to receive.

HPA urges the immediate passage of a chapter amendment that would extend the effective date to allow time for proper implementation for the sake of plans, providers and enrollees alike. Such a chapter should also eliminate the “active treatment” requirement in relation to outpatient coverage. We ask the Governor to seek a commitment that the Legislature will address these problems should they return in December or immediately upon their return in January. Due to the timing of legislative passage and an immediate effective, we are compelled to express our grave concerns about what is otherwise a carefully crafted compromise that seeks to balance the needs and interests of all parties.

Sincerely,



Paul Macielak
President & CEO

000060



FAX TRANSMISSION

Date: 12/15/06

Number of Pages (including cover page): 3

To: Mike Tobin
 Fax #: 474-8099
 Phone #:

From: Paul Macielak
 Fax #: 518-462-2150
 Phone #: 518-462-2293

Message: Our comments on Mental Health Parity

New York State Governor George Pataki
State Capital
Albany, NY 12224

Dear Governor Pataki:

I am writing to urge you to sign into law "Timothy's Law" (S.6735-A and A.2912), the mental-health parity bill. The bill is named after Timothy O'Clair, who committed suicide before his 13th birthday after his family struggled to receive proper mental health treatment for him. It is shameful that insurance companies are allowed to severely limit the amount of mental health and substance abuse treatment that a patient can receive, and provide far less coverage than for physical ailments. This is the year to end such discrimination in New York State. The Senate has already passed Timothy's Law and the Assembly has pledged to do so next time it meets. If it comes to your desk, please sign this bipartisan mental-health parity legislation into law.

Sincerely,

Name Rose Metten
Address 25 Bedford Ave
City, State, Zip Norwalk, CT 06850

000062

New York State Governor George Pataki
State Capital
Albany, NY 12224

Dear Governor Pataki:

I am writing to urge you to sign into law "Timothy's Law" (S.6735-A and A.2912), the mental-health parity bill. The bill is named after Timothy O'Clair, who committed suicide before his 13th birthday after his family struggled to receive proper mental health treatment for him. It is shameful that insurance companies are allowed to severely limit the amount of mental health and substance abuse treatment that a patient can receive, and provide far less coverage than for physical ailments. This is the year to end such discrimination in New York State. The Senate has already passed Timothy's Law and the Assembly has pledged to do so next time it meets. If it comes to your desk, please sign this bipartisan mental-health parity legislation into law.

Sincerely,

Name

Address

City, State, Zip

Frances Carvel
134 Locust Avenue
Cortlandt Manor, New York
10567

000063

STATE OF NEW YORK

S. 8482

A. 12080

SENATE - ASSEMBLY

June 23, 2006

IN SENATE -- Introduced by Sens. LIBOUS, MORAHAN, SPANO, *Patelli* TRIN, FARLEY, ALESI, BALBONI, BONACIC, DeFRANCISCO, FLANAGAN, *Patelli* ESCHILLO, GOLDEN, HANNON, JOHNSON, LARKIN, LAVALLE, LEIBELL, LITTLE, MALTESE, MARCELLINO, MARCHI, MAZIARZ, NOZZOLIO, PADAVAN, RATH, RABACH, SALAND, SKELOS, TRUNZO, VOLKER, WINNER, WRIGHT, YOUNG -- read twice and ordered printed, and when printed to be committed to the Committee on Rules

IN ASSEMBLY -- Introduced by COMMITTEE ON RULES -- (at request of M. of A. Tonko, *Sean* Rivera, Grannis, *Sean* Gottfried, Brennan, Jacobs, Clark, Hoyt, Gunther, Cahill, Alessi, Aubry, Benjamin, Bing, *Sean* Boyland, Bradley, Canestrari, *Sean* Cohen, Colton, Cook, Cusick, *Sean* Tymkowitz, DiNapoli, Dinowitz, Eddington, Englebright, Galef, Gianaris, Glick, Green, Greene, Hikind, *Sean* Keon, Lafayette, Lavelle, *Sean* Linton, Lupardo, McEney, Millman, O'Donnell, Ortiz, Paulin, Peoples, *Sean* Perry, Pheffer, Powell, J. Rivera, Schroeder, Sweeney, Towns, Weinstein, Weisenberg) -- read once and referred to the Committee on Insurance

AN ACT to amend the insurance law, *Sean* in relation to enacting "Timothy's law"; and providing for the repeal of such provisions upon expiration thereof

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

- 1 Section 1. *Sean* Legislative finding and intent. The legislature hereby
- 2 declares that health insurance policies and health maintenance organiza-
- 3 tion contracts have not provided comparable coverage for adults and
- 4 children with biologically based *Sean* mental illness or serious emotional
- 5 disturbance disorders affecting children under the same terms and condi-
- 6 tions as provided for medical treatment for physical illnesses.
- 7 Although federal law has prohibited the imposition of lower annual and
- 8 lifetime dollar limits by certain plans on mental health coverage, it is
- 9 the intent of this legislation to strengthen and enhance those
- 10 protections, and to ensure that mental health coverage is provided by
- 11 insurers and health maintenance organizations, and is provided on terms
- 12 comparable to other health care and medical services. Nothing in this
- 13 act is intended to limit or restrict the right of health maintenance
- 14 organizations and health insurers to require that all services covered
- 15 by them satisfy reasonable and appropriate utilization review require-
- 16 ments, in accordance with their contracts, and applicable laws and regu-
- 17 lations, provided that such utilization review requirements are applied
- 18 in a consistent fashion to all services covered by such contracts.
- 19 § 2. Short title. This act shall be known and may be cited as
- 20 "Timothy's law".

EXPLANATION--Matter in italics (underscored) is new; matter in brackets [] is old law to be omitted.

LBD17628-02-6

New York State Governor George Pataki
State Capital
Albany, NY 12224

Dear Governor Pataki:

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Sincerely,



Name S. McKenzie
Address PO Box 80
City, State, Zip Garnerville NY 10923

New York State Governor George Pataki
State Capital
Albany, NY 12224

Dear Governor Pataki:

I am writing to urge you to sign into law "Timothy's Law" (S.6735-A and A.2912), the mental-health parity bill. The bill is named after Timothy O'Clair, who committed suicide before his 13th birthday after his family struggled to receive proper mental health treatment for him. It is shameful that insurance companies are allowed to severely limit the amount of mental health and substance abuse treatment that a patient can receive, and provide far less coverage than for physical ailments. This is the year to end such discrimination in New York State. The Senate has already passed Timothy's Law and the Assembly has pledged to do so next time it meets. If it comes to your desk, please sign this bipartisan mental-health parity legislation into law.

Sincerely,

Name Amato Szypowski
Address 85 Lantern Dr
City, State, Zip Monroe CT 06468

New York State Governor George Pataki
State Capital
Albany, NY 12224

Dear Governor Pataki:

I am writing to urge you to sign into law "Timothy's Law" (S.6735-A and A.2912), the mental-health parity bill. The bill is named after Timothy O'Clair, who committed suicide before his 13th birthday after his family struggled to receive proper mental health treatment for him. It is shameful that insurance companies are allowed to severely limit the amount of mental health and substance abuse treatment that a patient can receive, and provide far less coverage than for physical ailments. This is the year to end such discrimination in New York State. The Senate has already passed Timothy's Law and the Assembly has pledged to do so next time it meets. If it comes to your desk, please sign this bipartisan mental-health parity legislation into law.

Sincerely,

Name Sylvia James
Address 30 Morris St.
City, State, Zip New Rochelle NY 10801

000067

Long Island Transition Coordination Site

LITCS • Eastern Suffolk BC
Port Jefferson Academic Center • 118 Spring Street • Port Jefferson, New York 1

Phone: (631) 232-4061
Fax: (631) 232-4063

58482
FAX COVER

Ch 748/06

FROM:

Valerie Valenti, Ph.D.
Administrative Coordinator
vvalenti@esboces.org

Mary Coonerty
Transition Site
Coordinator
mcoonert@esboces.org

Lynn Russo
Neighborhood Aide
lrusso@esboces.org

TO: *Governor Pataki*

DATE: *12/19/06*

RE: *Timothy's law*

2 # of Pages Including Cover:

FAX: *1-518-474-8099*

As per our conversation As per your request For your information Please handle



Long Island Families Together, Inc.
193 Broadway Ste. A
Amityville, NY 11701



December 19, 2006

Governor George E. Pataki
Executive Chamber
State Capitol
Albany, NY 12224

Dear Governor Pataki:

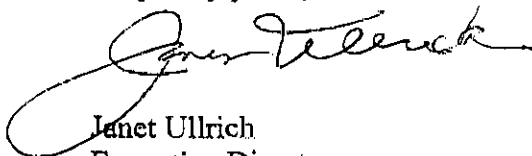
I write to you on behalf of families on Long Island who have the enormous responsibility and challenge of raising children with social, emotional and behavioral disorders whom Long Island Families Together, Inc. represents as a chapter of Families Together in New York State. We also join our voice to the voice of millions of New Yorkers who live with mental health disorders and have been victims of discrimination due to lack of mental health parity in our state.

For several years our constituents have been working very hard locally and at the state level to make our representatives aware of the difficulties they face in securing appropriate and sufficient medical services for their children--vitaly important services that will allow their children and families not only to survive but to thrive and become valued and contributing members of our society.

Obviously, we were gladdened to witness the passage a version of Timothy's Law by our New York State representatives. We understand that it was a compromise and strikes a delicate balance. It does not cover some very important needs such as addictions and some mental health diagnoses such as post traumatic stress disorder, but it nevertheless establishes vital benefits and parity in mental health coverage for millions of New Yorkers.

We urge you sign the important piece of legislation as soon as possible before leaving office in New York State. It would a wonderful legacy to end discrimination for so many of our citizens.

Very truly yours,



Janet Ullrich
Executive Director

Phone 631-264-lift / Fax 631-264-0762 / lift4kids@verizon.net

000069



Long Island Families Together, Inc.
193 Broadway Ste. A
Amityville, NY 11701



Long Island Families Together
193A Broadway
Amityville, NY 11701
631-264-LIFT

To: Gov. George E. Pataki
FAX: 518 474-8099

From: Janet Ullrich

Date: 12/19/06

Number of Pages:
including this page


Comments:

Please sign Timothy's Law.

Janet Ullrich
Executive Director

Phone 631-264-lift / Fax 631-264-0762 / lift4kids@verizon.net

000070



S. T. Act
177 Wheatley Rd
Brookville, NY 11545

11/1/06

To Governor Pataki:


It is very important

You approve Timothy's Law

S. 8482/A12080. It better mental health care coverage is needed in this state. My brother died three years ago due to this horrific situation in New York.

Shirley

000071



STATE OF NEW YORK

S. 8482

A. 12080

SENATE - ASSEMBLY

June 23, 2006

IN SENATE -- Introduced by Sens. LIBOUS, MORAHAN, SPANO, BRUNO, FARLEY, ALESI, BALBONI, BONACIC, DeFRANCISCO, FLANAGAN, FUSCHILLO, GOLDEN, HANNON, JOHNSON, LARKIN, LAVALLE, LEIBELL, LITTLE, MALTESE, MARCELLINO, MARCHI, MAZIARZ, NOZZOLIO, PADAVAN, RATH, ROBACH, SALAND, SKELOS, TRUNZO, VOLKER, WINNER, WRIGHT, YOUNG -- read twice and ordered printed, and when printed to be committed to the Committee on Rules

IN ASSEMBLY -- Introduced by COMMITTEE ON RULES -- (at request of M. of A. Tonko, P. Rivera, Grannis, Gottfried, Brennan, Jacobs, Clark, Hoyt, Gunther, Cahill, Alessi, Aubry, Benjamin, Bing, Boyland, Bradley, Canestrari, A. Cohen, Colton, Cook, Cusick, Cymbrowitz, DiNapoli, Dinowitz, Eddington, Englebright, Galef, Gianaris, Glick, Green, Greene, Hikind, Koon, Lafayette, Lavelle, Lifton, Lupardo, McEneny, Millman, O'Donnell, Ortiz, Paulin, Peoples, Perry, Pheffer, Powell, J. Rivera, Schroeder, Sweeney, Towns, Weinstein, Weisenberg) -- read once and referred to the Committee on Insurance

AN ACT to amend the insurance law, in relation to enacting "Timothy's law"; and providing for the repeal of such provisions upon expiration thereof

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. Legislative finding and intent. The legislature hereby
2 declares that health insurance policies and health maintenance organiza-
3 tion contracts have not provided comparable coverage for adults and
4 children with biologically based mental illness or serious emotional
5 disturbance disorders affecting children under the same terms and condi-
6 tions as provided for medical treatment for physical illnesses.
7 Although federal law has prohibited the imposition of lower annual and
8 lifetime dollar limits by certain plans on mental health coverage, it is
9 the intent of this legislation to strengthen and enhance those
10 protections, and to ensure that mental health coverage is provided by
11 insurers and health maintenance organizations, and is provided on terms
12 comparable to other health care and medical services. Nothing in this
13 act is intended to limit or restrict the right of health maintenance

EXPLANATION--Matter in *italics* (underscored) is new; matter in brackets
[-] is old law to be omitted.

LBD17628-02-6

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1 organizations and health insurers to require that all services covered
2 by them satisfy reasonable and appropriate utilization review require-
3 ments, in accordance with their contracts, and applicable laws and regu-
4 lations, provided that such utilization review requirements are applied
5 in a consistent fashion to all services covered by such contracts.

6 § 2. Short title. This act shall be known and may be cited as
7 "Timothy's law".

8 § 3. Paragraph 5 of subsection (1) of section 3221 of the insurance
9 law, clause (ii) of subparagraph (A) as amended by chapter 555 of the
10 laws of 1993, subparagraph (B) as amended by chapter 21 of the laws of
11 1990, is amended to read as follows:

12 (5) (A) Every insurer delivering a group or school blanket policy or
13 issuing a group or school blanket policy for delivery, in this state,
14 which provides coverage for inpatient hospital care ~~[must make avail-~~
15 ~~able, and if requested by policyholder]~~ shall provide, as part of such
16 policy, broad based coverage for the diagnosis and treatment of mental,
17 nervous or emotional disorders or ailments, however defined in such
18 policy, at least equal to the ~~[following]~~ coverage provided for other
19 health conditions and shall include:

20 (i) ~~[with respect to]~~ benefits ~~[based upon confinement as an]~~ for
21 inpatient care in a hospital as defined by subdivision ten of section
22 1.03 of the mental hygiene law, such benefits may be limited to not less
23 than thirty days of active treatment in any calendar year[+].

24 (ii) ~~[with respect to]~~ benefits for outpatient care provided in a
25 facility issued an operating certificate by the commissioner of mental
26 ~~[hygiene]~~ health pursuant to the provisions of article thirty-one of the
27 mental hygiene law, or in a facility operated by the ~~[department]~~ office
28 of mental ~~[hygiene]~~ health, or by a psychiatrist or psychologist
29 licensed to practice in this state or a professional corporation or
30 university faculty practice corporation thereof, such benefits may be
31 limited to not less than ~~[seven hundred dollars]~~ twenty days of active
32 treatment in any calendar year.

33 ~~[(B) Such coverage shall be made available at the inception of all new~~
34 ~~policies and with respect to all other policies and at any anniversary~~
35 ~~date of the policy subject to evidence of insurability. Written notice~~
36 ~~of the availability of such coverage shall be delivered to the policy~~
37 ~~holder prior to inception of such group policy and annually thereafter,~~
38 ~~except that this notice shall not be required where a policy covers two~~
39 ~~hundred or more employees or where the benefit structure was the subject~~
40 ~~of collective bargaining affecting persons who are employed in more than~~
41 ~~one state.~~

42 ~~(C)~~ (iii) Such coverage may be subject to annual deductibles and
43 coinsurance as may be deemed appropriate by the superintendent~~[-Such~~
44 ~~deductibles and coinsurance may]~~ and shall be consistent with those
45 imposed on other benefits within a given policy.

46 ~~[(D)]~~ (iv) In this paragraph, "active treatment" means treatment
47 furnished in conjunction with inpatient confinement for mental, nervous
48 or emotional disorders or ailments that meet standards prescribed pursu-
49 ant to the regulations of the commissioner of mental ~~[hygiene]~~ health.

50 (B) (i) Every insurer delivering a group or school blanket policy or
51 issuing a group or school blanket policy for delivery, in this state,
52 which provides coverage for inpatient hospital care shall provide cover-
53 age comparable to medical coverage provided under the policy for adults
54 and children with biologically based mental illness. Such group poli-
55 cies issued or delivered in this state shall also provide such compara-
56 ble coverage for children with serious emotional disturbances. Such

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1 coverage shall be provided under the terms and conditions otherwise
2 applicable under the policy, including network limitations or vari-
3 ations, exclusions, co-pays, coinsurance, deductibles or other specific
4 cost sharing mechanisms. Provided further, where a policy provides both
5 in-network and out-of-network benefits, the out-of-network benefits may
6 have different coinsurance, co-pays, or deductibles, than the in-network
7 benefits, regardless of whether the policy is written under one license
8 or two licenses.

9 (ii) For purposes of this paragraph, the term "biologically based
10 mental illness" means a mental, nervous, or emotional condition that is
11 caused by a biological disorder of the brain and results in a clinically
12 significant, psychological syndrome or pattern that substantially limits
13 the functioning of the person with the illness. Such biologically based
14 mental illnesses are defined as schizophrenia/psychotic disorders, major
15 depression, bipolar disorder, delusional disorders, panic disorder,
16 obsessive compulsive disorder, bulimia, and anorexia.

17 (C) For purposes of this subsection, the term "children with serious
18 emotional disturbances" means persons under the age of eighteen years
19 who have diagnoses of attention deficit disorders, disruptive behavior
20 disorders, or pervasive development disorders, and where there are one
21 or more of the following:

22 (i) serious suicidal symptoms or other life-threatening self-destructive
23 behaviors;

24 (ii) significant psychotic symptoms (hallucinations, delusion, bizarre
25 behaviors);

26 (iii) behavior caused by emotional disturbances that placed the child
27 at risk of causing personal injury or significant property damage; or

28 (iv) behavior caused by emotional disturbances that placed the child
29 at substantial risk of removal from the household.

30 (D) The provisions of subparagraph (B) of this paragraph shall not
31 apply to any group purchaser with fifty or fewer employees that is a
32 policyholder of a policy that is subject to the provisions of this
33 section; provided however that an insurer must make available, and if
34 requested by such group purchaser, provide the coverage as specified in
35 subparagraph (B) of this paragraph; and provided further however that
36 the superintendent shall develop and implement a methodology to fully
37 cover the cost to any such group purchaser for providing the coverage
38 required in subparagraph (A) of this paragraph. Such methodology shall
39 be financed from funds from the General Fund that shall be made avail-
40 able to the superintendent for such purpose.

41 (E) (i) Nothing in this paragraph shall be construed to prevent the
42 medical management or utilization review of mental health benefits,
43 including the use of prospective, concurrent or retrospective utiliza-
44 tion review, preauthorization, and appropriateness criteria as to the
45 level and intensity of treatment applicable to behavioral health.

46 (ii) Nothing in this paragraph shall be construed to prevent a policy
47 from providing services through a network of participating providers who
48 shall meet certain requirements for participation, including provider
49 credentialing.

50 (iii) Nothing in this paragraph shall be construed to require a policy
51 (I) to cover mental health benefits or services for individuals who are
52 presently incarcerated, confined or committed to a local correctional
53 facility or a prison, or a custodial facility for youth operated by the
54 office of children and family services or (II) to cover services solely
55 because such services are ordered by a court.

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1 (iv) Nothing in this paragraph shall be deemed to require a policy to
2 cover benefits or services deemed cosmetic in nature on the grounds that
3 changing or improving an individual's appearance is justified by the
4 individual's mental health needs.

5 § 4. Subsection (g) of section 4303 of the insurance law, as amended
6 by chapter 98 of the laws of 1988, paragraph 2 as amended by chapter 21
7 of the laws of 1990, is amended to read as follows:

8 (g) (1) A hospital service corporation or a health service corporation
9 which provides coverage for inpatient hospital care ~~[must make available~~
10 ~~and, if requested by all persons holding individual contracts in a~~
11 ~~group, whose premiums are paid by a remitting agent or by the contract~~
12 ~~holder in the case of a group contract issued pursuant to section four~~
13 ~~thousand three hundred five of this article,]~~ shall provide as part of
14 its contract, broad based coverage for the diagnosis and treatment of
15 mental, nervous or emotional disorders or ailments, however defined in
16 such contract, at least equal to the ~~[following]~~ coverage provided for
17 other health conditions and shall include:

18 (A) ~~[with respect to]~~ benefits ~~[based upon confinement as an]~~ for
19 in-patient care in a hospital as defined by subdivision ten of section
20 1.03 of the mental hygiene law, such benefits may be limited to not less
21 than thirty days of active treatment in any calendar year[+].

22 (B) ~~[with respect to]~~ benefits for out-patient care provided in a
23 facility issued an operating certificate by the commissioner of mental
24 ~~[hygiene]~~ health pursuant to the provisions of article thirty-one of the
25 mental hygiene law or in a facility operated by the ~~[department]~~ office
26 of mental ~~[hygiene]~~ health such benefits may be limited to not less than
27 ~~[seven hundred dollars]~~ twenty days of active treatment in any calendar
28 year.

29 ~~[(2)]~~ (C) Such coverage shall be ~~[made available]~~ provided at the
30 inception of all new contracts and, with respect to all other contracts,
31 at any anniversary date ~~[subject to evidence of insurability]~~. Such
32 coverage may be subject to annual deductibles and coinsurance as may be
33 deemed appropriate by the superintendent~~[- Such deductibles and coinsu-~~
34 ~~rance may]~~ and shall be consistent with those imposed on other benefits
35 within a given contract. For the purpose of this subsection, "active
36 treatment" means treatment furnished in conjunction with in-patient
37 confinement for mental, nervous or emotional disorders or ailments that
38 meet such standards as shall be prescribed pursuant to the regulations
39 of the commissioner of mental ~~[hygiene]~~ health. ~~[If the group remit-~~
40 ~~tance group or contract holder in the case of a group contract also has~~
41 ~~coverage from the same health service corporation or from a medical~~
42 ~~expense indemnity corporation or another health service corporation for~~
43 ~~physicians' services, the health service corporation shall not provide~~
44 ~~the coverage under this subsection unless the group remittance group or~~
45 ~~contract holder also obtains the coverage provided under subsection (h)~~
46 ~~of this section.]~~ In the event the group remittance group or contract
47 holder ~~[obtains the]~~ is provided coverage under this subsection and
48 under paragraph one of subsection (h) of this section from the same
49 health service corporation, or under a contract which is jointly under-
50 written by two health service corporations or by a health service corpo-
51 ration and a medical expense indemnity corporation, the aggregate of the
52 benefits for outpatient care obtained under subparagraph (B) of this
53 paragraph ~~[one of this subsection]~~ and paragraph one of subsection (h)
54 of this section may be limited to not less than ~~[seven hundred dollars]~~
55 twenty days of active treatment in any calendar year. ~~[Written notice~~
56 ~~of the availability of such coverage shall be delivered to the group~~

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~~remitting agent or group contract holder prior to inception of such contract and annually thereafter, except that this notice shall not be required where a policy covers two hundred or more employees or where the benefit structure was the subject of collective bargaining affecting persons who are employed in more than one state.]~~

(2) (A) A hospital service corporation or a health service corporation which provides coverage for inpatient hospital care shall provide coverage, comparable to its medical care coverage, for adults and children with biologically based mental illness. Such hospital service corporation or health service corporation shall also provide such comparable coverage for children with serious emotional disturbances. Such coverage shall be provided under the terms and conditions otherwise applicable under the contract, including network limitations or variations, exclusions, co-pays, coinsurance, deductibles or other specific cost sharing mechanisms. Provided further, where a contract provides both in-network and out-of-network benefits, the out-of-network benefits may have different coinsurance, co-pays, or deductibles, than the in-network benefits, regardless of whether the contract is written under one license or two licenses.

(B) For purposes of this subsection, the term "biologically based mental illness" means a mental, nervous, or emotional condition that is caused by a biological disorder of the brain and results in a clinically significant, psychological syndrome or pattern that substantially limits the functioning of the person with the illness. Such biologically based mental illnesses are defined as schizophrenia/psychotic disorders, major depression, bipolar disorder, delusional disorders, panic disorder, obsessive compulsive disorders, anorexia, and bulimia.

(3) For purposes of this subsection, the term "children with serious emotional disturbances" means persons under the age of eighteen years who have diagnoses of attention deficit disorders, disruptive behavior disorders, or pervasive development disorders, and where there are one or more of the following:

(A) serious suicidal symptoms or other life-threatening self-destructive behaviors;

(B) significant psychotic symptoms (hallucinations, delusion, bizarre behaviors);

(C) behavior caused by emotional disturbances that placed the child at risk of causing personal injury or significant property damage; or

(D) behavior caused by emotional disturbances that placed the child at substantial risk of removal from the household.

(4) The provisions of paragraph two of this subsection shall not apply to any group contract holder with fifty or fewer employees who is a contract holder of a policy that is subject to the provisions of this section; provided however that a hospital service corporation or health service corporation must make available, and if requested by such group contract holder provide the coverage as specified in paragraph two of this subsection; and provided further however that the superintendent shall develop and implement a methodology to fully cover the cost to any such group contract holder for providing the coverage required in paragraph one of this subsection. Such methodology shall be financed from moneys from the General Fund that shall be made available to the superintendent for such purpose.

(5) (A) Nothing in this subsection shall be construed to prevent the medical management or utilization review of mental health benefits, including the use of prospective, concurrent or retrospective utiliza-

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1 tion review, preauthorization, and appropriateness criteria as to the
2 level and intensity of treatment applicable to behavioral health.

3 (B) Nothing in this subsection shall be construed to prevent a
4 contract from providing services through a network of participating
5 providers who shall meet certain requirements for participation, includ-
6 ing provider credentialing.

7 (C) Nothing in this subsection shall be construed to require a
8 contract (I) to cover mental health benefits or services for individuals
9 who are presently incarcerated, confined or committed to a local correc-
10 tional facility or a prison, or a custodial facility for youth operated
11 by the office of children and family services or (II) to cover services
12 solely because such services are ordered by a court.

13 (D) Nothing in this subsection shall be deemed to require a contract
14 to cover benefits or services deemed cosmetic in nature on the grounds
15 that changing or improving an individual's appearance is justified by
16 the individual's mental health needs.

17 § 5. Subsection (h) of section 4303 of the insurance law, as amended
18 by chapter 420 of the laws of 2002, is amended to read as follows:

19 (h) (1) A medical expense indemnity corporation or a health service
20 corporation which provides coverage for physician services [must make
21 available and, if requested by all persons holding individual contracts
22 in a group, whose premiums are paid by a remitting agent or by the
23 contract holder in the case of a group contract issued pursuant to
24 section four thousand three hundred five of this article,] shall provide
25 as part of its contract, broad based coverage for the diagnosis and
26 treatment of mental, nervous or emotional disorders or ailments, however
27 defined in such contract, at least equal to the [following] coverage
28 provided for other health conditions and shall include: [with respect
29 to] benefits for outpatient care provided by a psychiatrist or psychol-
30 ogist licensed to practice in this state, a licensed clinical social
31 worker who meets the requirements of subsection (n) of this section, or
32 a professional corporation or university faculty practice corporation
33 thereof, such benefits may be limited to not less than [seven hundred
34 dollars] twenty days of active treatment in any calendar year. Such
35 coverage shall be [made available] provided at the inception of all new
36 contracts and with respect to all other contracts, at any anniversary
37 date [subject to evidence of insurability]. Such coverage may be subject
38 to annual deductibles and coinsurance as may be deemed appropriate by
39 the superintendent [Such deductibles and coinsurance may] and shall be
40 consistent with those imposed on other benefits within a given contract.
41 [If the group remittance group or contract holder in the case of a group
42 contract also has coverage from the same health service corporation or
43 from another health service corporation for in-patient hospital care,
44 the medical expense indemnity corporation or the health service corpo-
45 ration shall not provide the coverage under this subsection unless the
46 group remittance group or contract holder also obtains the coverage
47 provided under subparagraph (B) of paragraph one of subsection (g) of
48 this section.] In the event the group remittance group or contract hold-
49 er [obtains the] is provided coverage provided under this [subsection]
50 paragraph and under subparagraph (B) of paragraph one of subsection (g)
51 of this section from the same health service corporation, or under a
52 contract which is jointly underwritten by two health service corpo-
53 rations or by a health service corporation and a medical expense indem-
54 nity corporation, the aggregate of the benefits for out-patient care
55 obtained under subparagraph (B) of paragraph one of subsection (g) of
56 this section and this [subsection] paragraph may be limited to not less

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1 than [~~seven hundred dollars~~] twenty days of active treatment in any
2 calendar year. [~~Written notice of the availability of such coverage~~
3 ~~shall be delivered to the group remitting agent or group contract holder~~
4 ~~prior to inception of such contract and annually thereafter, except that~~
5 ~~this notice shall not be required where a policy covers two hundred or~~
6 ~~more employees or where the benefit structure was the subject of collec-~~
7 ~~tive bargaining affecting persons who are employed in more than one~~
8 ~~estate.]~~

9 (2) (A) A medical expense indemnity corporation or a health service
10 corporation which provides coverage for physician services shall provide
11 coverage, comparable to its medical care coverage, for adults and chil-
12 dren with biologically based mental illness. Such medical expense
13 indemnity corporation or health service corporation shall also provide
14 such comparable coverage for children with serious emotional disturb-
15 ances. Such coverage shall be provided under the terms and conditions
16 otherwise applicable under the contract, including network limitations
17 or variations, exclusions, co-pays, coinsurance, deductibles or other
18 specific cost sharing mechanisms. Provided further, where a contract
19 provides both in-network and out-of-network benefits, the out-of-network
20 benefits may have different coinsurance, co-pays, or deductibles, than
21 the in-network benefits, regardless of whether the contract is written
22 under one license or two licenses.

23 (B) For purposes of this subsection, the term "biologically based
24 mental illness" means a mental, nervous, or emotional condition that is
25 caused by a biological disorder of the brain and results in a clinically
26 significant, psychological syndrome or pattern that substantially limits
27 the functioning of the person with the illness. Such biologically
28 based mental illnesses are defined as schizophrenia/psychotic disorders,
29 major depression, bipolar disorder, delusional disorders, panic disor-
30 der, obsessive compulsive disorder, anorexia, and bulimia.

31 (3) For purposes of this subsection, the term "children with serious
32 emotional disturbances" means persons under the age of eighteen years
33 who have diagnoses of attention deficit disorders, disruptive behavior
34 disorders, or pervasive development disorders, and where there are one
35 or more of the following:

36 (A) serious suicidal symptoms or other life-threatening self-destructive
37 behaviors;

38 (B) significant psychotic symptoms (hallucinations, delusion, bizarre
39 behaviors);

40 (C) behavior caused by emotional disturbances that placed the child at
41 risk of causing personal injury or significant property damage; or

42 (D) behavior caused by emotional disturbances that placed the child at
43 substantial risk of removal from the household.

44 (4) The provisions of paragraph two of this subsection shall not apply
45 to any group contract holder with fifty or fewer employees who is a
46 contract holder of a contract that is subject to the provisions of this
47 section; provided, however, that a medical expense indemnity corporation
48 or health service corporation must make available, and if requested by
49 such group contract holder, provide the coverage as specified in para-
50 graph two of this subsection; and provided further however that the
51 superintendent shall develop and implement a methodology to fully cover
52 the cost to any such group contract holder for providing the coverage
53 required in paragraph one of this subsection. Such methodology shall be
54 financed from moneys from the General Fund that shall be made available
55 to the superintendent for such purpose.

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1 (5) (A) Nothing in this subsection shall be construed to prevent the
2 medical management or utilization review of mental health benefits,
3 including the use of prospective, concurrent or retrospective utiliza-
4 tion review, preauthorization, and appropriateness criteria as to the
5 level and intensity of treatment applicable to behavioral health.

6 (B) Nothing in this subsection shall be construed to prevent a
7 contract from providing services through a network of participating
8 providers who shall meet certain requirements for participation, includ-
9 ing provider credentialing.

10 (C) Nothing in this subsection shall be construed to require a
11 contract (I) to cover mental health benefits or services for individuals
12 who are presently incarcerated, confined or committed to a local correc-
13 tional facility or a prison, or a custodial facility for youth operated
14 by the office of children and family services or (II) to cover services
15 solely because such services are ordered by a court.

16 (D) Nothing in this subsection shall be deemed to require a contract
17 to cover benefits or services deemed cosmetic in nature on the grounds
18 that changing or improving an individual's appearance is justified by
19 the individual's mental health needs.

20 § 6. The superintendent of insurance shall monitor the implementation
21 of the coverage required pursuant to subparagraph (A) of paragraph 5 of
22 subsection (l) of section 3221, paragraph (1) of subsection (g) of
23 section 4303 and paragraph 1 of subsection (h) of section 4303 of the
24 insurance law, and take such action as may be necessary, to ensure that
25 insurers' contracts or policies do not contain an unreasonable defini-
26 tion of mental, nervous or other emotional disorders or ailments in
27 their contracts or policies. In determining whether such definition may
28 be unreasonable, the superintendent of insurance shall ensure that any
29 exclusions and limitations on covered benefits are consistent with bene-
30 fits provided to public officers and employees pursuant to article 11 of
31 the civil service law.

32 § 7. a. The superintendent of insurance, in consultation with the
33 office of mental health, shall cause a study to be performed on the
34 effectiveness of mental health parity. Such study shall include, but not
35 be limited to:

36 (i) a comprehensive analysis of the costs associated with providing
37 coverage pursuant to this act;

38 (ii) the number of policyholders and group contract holders which have
39 elected to purchase other mental health coverage required to be made
40 available pursuant to this act; and

41 (iii) a comparison of the type and number of illnesses for which
42 coverage has been provided during the study period.

43 b. The study shall encompass a two year period.

44 c. On or before April 1, 2009, the superintendent of insurance shall
45 deliver a copy of the findings of the study and any legislative recom-
46 mendations to the governor, the temporary president of the senate, the
47 speaker of the assembly, and the chairs of the insurance committees in
48 the senate and the assembly.

49 § 8. This act shall take effect on the first of January next succeed-
50 ing the date on which it shall have become a law and shall expire and be
51 deemed repealed December 31, 2009; and the provisions of this act shall
52 apply to policies and contracts issued, renewed, modified, altered or
53 amended on or after such effective date.