GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

HOUSE BILL 634

Short Title:	Parity Enhancement for Addiction Recovery.	(Public)
Sponsors:	Representatives T. Brown, White, Alston, and Huneycutt (Primary Sponsors). *For a complete list of sponsors, refer to the North Carolina General Assembly web site.*	
Referred to:	Health, if favorable, Insurance, if favorable, Finance, if favorable, Rules, Calendar, and Operations of the House	

April 2, 2025

A BILL TO BE ENTITLED

AN ACT TO UPDATE BY CONFORMING TO FEDERAL LAW THE LAWS RELATED TO HEALTH BENEFIT PLAN MENTAL HEALTH BENEFITS COVERAGE AND TO ENHANCE COVERAGE PARITY FOR ADDICTION RECOVERY.

The General Assembly of North Carolina enacts:

SECTION 1.(a) Subsections (b), (c), (d), and (j) of G.S. 58-3-220 are repealed.

SECTION 1.(b) Subsection (h) of G.S. 58-3-220 is recodified as subsection (a1) of G.S. 58-3-220.

SECTION 2.(a) G.S. 58-3-220, as amended by Section 1 of this act, reads as rewritten:

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

(a) Mental Health Equity Requirement. – ~~Except as provided in subsection (b), an insurer shall provide in each group health benefit plan benefits for~~ All health benefit plans shall provide coverage for the necessary care and treatment of mental ~~illnesses~~ health conditions that are no less favorable than benefits for the necessary care and treatment of physical ~~illness generally, including application of the same limits. For purposes of this subsection, mental illnesses are as diagnosed and defined in the Diagnostic and Statistical Manual of Mental Disorders, DSM-5, or a subsequent edition published by the American Psychiatric Association, except those mental disorders coded in the DSM-5 or subsequent edition as autism spectrum disorder (299.00), substance-related disorders (291.0 through 292.2 and 303.0 through 305.9), those coded as sexual dysfunctions not due to organic disease (302.70 through 302.79), and those coded as "V" codes. For purposes of this subsection, "limits" includes deductibles, coinsurance factors, co-payments, maximum out-of-pocket limits, annual and lifetime dollar limits, and any other dollar limits or fees for covered services.~~health conditions.

(a1) Definitions. – ~~As used~~ The following definitions apply in this section:

(1) ~~"Health benefit plan" has the same meaning as~~ Health benefit plan. – As defined in G.S. 58-3-167.

(2) ~~"Insurer" has the same meaning as~~ Insurer. – As defined in G.S. 58-3-167.

(3) Medical necessity. – As defined in G.S. 58-50-61.

(4) ~~"Mental illness" has the same meaning as in G.S. 122C-3(21), with a~~ Mental health condition. – A mental disorder defined in the Diagnostic and Statistical Manual of Mental Disorders, DSM-5, or subsequent editions published by the American Psychiatric Association, except this term does not include those mental disorders coded in the DSM-5 or subsequent editions as autism

spectrum disorder (299.00), ~~substance-related disorders (291.0 through 292.9 and 303.0 through 305.9),~~ those coded as sexual dysfunctions not due to organic disease (302.70 through 302.79), and those coded as "V" codes.

…

(g) Utilization Review. – Nothing in this section prevents an insurer from applying utilization review criteria to determine medical necessity ~~as defined in G.S. 58-50-61 as long as it does so in accordance with all requirements for utilization review programs and medical necessity determinations specified in that section, including the offering of an insurer appeal process and, where applicable, health benefit plan external review as provided for in Part 4 of Article 50 of Chapter 58 of the General Statutes.~~in accordance with G.S. 58-50-61. Clinical review criteria and assessment of medical necessity for a treatment modality for any mental health condition, including substance use disorders, shall be consistent with the criteria used for, and the manner of assessment applied to, the medical necessity of non-mental health conditions. For substance use disorders, medical necessity determinations shall rely solely on the most recent American Society of Addiction Medicine criteria.

(i) Federal Law Applies. – ~~Notwithstanding any other provisions of this section, a group health benefit plan that covers both medical and surgical benefits and mental health benefits shall, with respect to the mental health benefits, comply with all~~ All applicable standards of Subtitle B of Title V of Public Law 110-343, known as the Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act of 2008, and the applicable regulations, as ~~amended.~~amended, and other relevant federal law shall apply to health benefit plans."

SECTION 2.(b) G.S. 58-50-61 reads as rewritten:

"**§ 58-50-61. Utilization review.**

…

(d) ~~Program Operations.~~ Clinical Review Criteria, Generally. – In every utilization review program, an insurer or URO shall use documented clinical review criteria that are based on sound clinical evidence and that are periodically evaluated to assure ongoing efficacy. ~~An~~ Except as otherwise provided, an insurer may develop its own clinical review criteria or purchase or license clinical review criteria.

(d1) ~~Criteria for determining when a patient needs to be placed in a substance abuse treatment program shall be either (i) the diagnostic criteria contained in~~ Clinical Review Criteria, Substance Use Treatment. – Clinical review criteria and assessment of medical necessity for a treatment modality for any mental health condition, including substance use disorders, shall be consistent with the criteria used for, and the manner of assessment applied to, the medical necessity of non-mental health conditions. For substance use disorders, medical necessity determinations shall rely solely on the most recent ~~revision of the~~ American Society of Addiction Medicine ~~Patient Placement Criteria for the Treatment of Substance-Related Disorders or (ii) criteria adopted by the insurer or its URO.~~ criteria. The Department, in consultation with the Department of Health and Human Services, may require proof of compliance with this subsection by ~~a plan~~ an insurer or URO.

(d2) Administration of Program. – All of the following shall apply in the administration of a utilization review program under this section:

(1) Qualified health care professionals shall administer the utilization review program and oversee review decisions under the direction of a medical doctor. A medical doctor licensed to practice medicine in this State shall evaluate the clinical appropriateness of noncertifications.

(2) Compensation to persons involved in utilization review shall not contain any direct or indirect incentives for them to make any particular review decisions.

(3) Compensation to utilization reviewers shall not be directly or indirectly based on the number or type of noncertifications they render.

(4) In issuing a utilization review decision, an insurer ~~shall: obtain~~ or its URO shall do all of the following:

a. Obtain all information required to make the decision, including pertinent clinical ~~information; employ~~ information.

b. Employ a process to ensure that utilization reviewers apply clinical review criteria ~~consistently; and issue~~ consistently.

c. Apply the decision in a timely manner pursuant to this section.

…."

SECTION 2.(c) In accordance with G.S. 135-48.24(b) and G.S. 135-48.30(a)(7) which require the State Treasurer to implement procedures that are substantially similar to the provisions of G.S. 58-50-61 for the North Carolina State Health Plan for Teachers and State Employees (State Health Plan), the State Treasurer and the Executive Administrator of the State Health Plan shall review all practices of the State Health Plan and all contracts with, and practices of, any third party conducting any utilization review on behalf of the State Health Plan to ensure compliance with subsection (b) of this section no later than the start of the next plan year.

SECTION 3.(a) The Revisor of Statutes shall replace the phrase "chemical dependency" with the phrase "substance use disorder" in all of the following statutes:

(1) G.S. 58-51-16(a).
(2) G.S. 58-51-40(a).
(3) G.S. 58-51-55(b).
(4) G.S. 58-65-90(b).
(5) G.S. 58-67-75(b).

SECTION 3.(b) All of the following are repealed:

(1) G.S. 58-51-50.
(2) Subdivision (a)(2) and subsection (c) of G.S. 58-51-55.
(3) G.S. 58-65-75.
(4) Subdivision (a)(2) and subsection (c) G.S. 58-65-90.
(5) G.S. 58-67-70.
(6) Subdivision (a)(2) and subsection (c) G.S. 58-67-75.

SECTION 3.(c) G.S. 58-3-192(a)(2) reads as rewritten:

"(2) Autism spectrum disorder. – As defined by the most recent edition of the Diagnostic and Statistical Manual of Mental Disorders (DSM) or the most recent edition of the International Statistical Classification of Diseases and Related Health Problems. Autism spectrum disorder is not considered a mental ~~illness~~ health condition, as defined in G.S. 58-3-220, ~~58-51-55,~~ or a mental illness, as defined in G.S. 58-51-55, 58-65-90, or 58-67-75."

SECTION 4. This act is effective October 1, 2025, and applies to insurance contracts issued, renewed, or amended on or after that date.