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Psychologists Say New Jersey’s Largest Health Plan Violates Patient Privacy, Restricts Access to Care and Wastes Taxpayer Money

New Jersey Psychological Association (NJPA) Files Lawsuit Against State Health Benefits Commission, Horizon Healthcare Services and Magellan Health Services

West Orange, NJ – February 23, 2010 – The New Jersey Psychological Association (NJPA), the professional organization representing more than 2,100 psychologists who treat hundreds of thousands of people throughout the state, announced today that it filed a lawsuit against the New Jersey State Health Benefits Commission, Horizon Healthcare Services, Inc. and Magellan Health Services alleging violation of patient confidentiality rights provided by the New Jersey Practicing Psychology Licensing Act.

The complaint alleges that the Commission, Horizon and Magellan improperly require mental health providers to turn over protected confidential mental health records of patients enrolled in the New Jersey State Health Benefits Program as a pre-requisite to authorizing treatment by a psychologist, continuing a course of treatment, or paying for services already provided. NJPA seeks a declaratory judgment that these practices violate state law.

“People who seek mental health services trust that their personal information will be held in strict confidence,” said Lisa Jacobs, Ph.D., president of NJPA. “Any violation of the patient’s right to privacy by the insurance industry or a government agency can have a devastating impact on the mental and physical health of the patient, and can deter people from getting the help they need.”

The New Jersey Practicing Psychology Licensing Act, in section 45:14B-28, provides broad privacy protection of confidential communications between psychologists and their patients. Psychologists are prohibited from disclosing confidential communications and treatment notes and records to anyone, other than through written authorization from the patient detailing specific confidential health records be disclosed, and the purpose for the disclosure. Under Federal law psychologists may only provide the minimum patient information necessary to make coverage, benefit and payment determinations.

“In a misguided attempt to contain costs, insurance companies and state officials are making it increasingly difficult for people to access outpatient mental health services. This mis-management of care harms patients by delaying or denying access to counseling services shown to improve health and save money,” said Barry L. Helfmann, Psy.D., director of professional affairs for NJPA and a plaintiff in the complaint.

“NJPA has shared its grave concerns about patient confidentiality directly with these parties who are involved in the oversight and administration of the New Jersey State Health Benefits Program, and unfortunately we found it necessary to take legal action,” said Dr. Helfmann.

“We applaud psychologists in New Jersey for taking a stand to protect and care for people with mental illness. Research shows that one in four New Jersey residents will experience mental illness at some point in their lives, which makes it vitally important for insurance companies, government agencies, providers and the public to address the needs of this vulnerable population,” said Carolyn Beauchamp, president and CEO of the Mental Health Association in New Jersey.

NJPA also announced today a patient advocacy campaign called “Speak Your Mind NJ: Improving Access to Mental Health Services.” New Jersey residents can learn more about the impact of restricted access to therapy and speak their minds by visiting the campaign web site at www.SpeakYourMindNJ.org.

The New Jersey State Health Benefits Commission is the government agency that established the State Health Benefits Program, the largest insurance plan operating in the state. The Commission negotiates and purchases medical benefits on behalf of approximately 800,000 public employees and their families. The Commission is responsible for the provision and payment of benefits under the State Health Benefits Program and has authorized or approved the actions by Horizon and Magellan alleged in the lawsuit. Horizon is responsible for administering and issuing payments for mental health benefits provided under the State Health Benefits Program. Magellan is a specialty managed healthcare company that coordinates the management and delivery of behavioral healthcare treatment services and, in that capacity, manages, reviews and authorizes mental health benefits to members of the New Jersey State Health Benefits program.

The State Health Benefits Commission is subject to state and federal privacy laws designed to protect the use and disclosure of patient health information. Horizon and Magellan are responsible for administering the State Health Benefits Program consistent with state law.

The New Jersey Psychological Association (NJPA) is a private, non-profit, professional organization representing more than 2,100 psychologists throughout the state. Since its establishment in 1950, NJPA has been committed to advancing psychology as a means of promoting health and human welfare. The NJPA provides information and resources for the public and professionals in the mental health community that can improve lives, families, workplaces, communities and practices.

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Note to Editors:

Interviews are available with NJPA officials, psychologists and New Jersey residents who participate in the State Health Benefits Program.

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