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New Law Requires Parity in Coverage For Mental Health

The Mental Health Parity Act of 1996 (MHPA) is a federal law that may apply to two different types of coverage:

- 1) Large group self-funded group health plans.
- 2) Large group fully insured group health plans.

The MHPA may prevent your large group health plan from placing annual or lifetime dollar limits on mental health benefits that are lower - less favorable - than annual or lifetime dollar limits for medical and surgical benefits offered under the plan. MHPA does NOT apply to small group health plans or health insurance coverage in the individual (non-employment based) market. MHPA applies to most group health plans with more than 50 workers. According to Federal Standards, MHPA does NOT apply to group health plans sponsored by employers with fewer than 51 workers.

For example, if your large group health plan has a \$1 million lifetime limit on medical and surgical benefits, it cannot put a \$100,000 lifetime limit on mental health benefits. The term "mental health benefits" means benefits for mental health services defined by the health plan or coverage.

Under current law, large group health plans may impose some restrictions on mental health benefits and still comply with the law. MHPA does not prohibit large group health plans from:

- Covering mental health services within network only, even though the plan will pay for out of network services for medical/surgical benefits (although with higher out-of-pocket cost to the subscriber);
- Increasing co-payments or limiting the number of visits for mental health benefits;
- Imposing limits on the number of covered visits, even if the plan does not impose similar visit limits for medical and surgical benefits; and having different cost-sharing arrangements, such as higher coinsurance payments for mental health benefits, as compared to medical and surgical benefits.

- Although the law requires "parity," or equivalence, with regard to dollar limits, MHPA does NOT require large group health plans and their health insurance issuers to include mental health coverage in their benefits package. The law's requirements apply only to large group health plans and their health insurance issuers that include mental health benefits in their benefits packages.

On October 3, 2008, the President signed the Mental Health Parity and Addiction Equity Act of 2008 (MHPAEA). Key changes made by MHPAEA, which is generally effective for plan years beginning after October 3, 2009, include the following:

- If a group health plan includes medical/surgical benefits and mental health benefits, the financial requirements (e.g., deductibles and co-payments) and treatment limitations (e.g., number of visits or days of coverage) that apply to mental health benefits must be no more restrictive than the predominant financial requirements or treatment limitations that apply to substantially all medical/surgical benefits;
- If a group health plan includes medical/surgical benefits and substance use disorder benefits, the financial requirements and treatment limitations that apply to substance use disorder benefits must be no more restrictive than the predominant financial requirements or treatment limitations that apply to substantially all medical/surgical benefits;
- Mental health benefits and substance use disorder benefits may not be subject to any separate cost sharing requirements or treatment limitations that only apply to such benefits;
- If a group health plan includes medical/surgical benefits and mental health benefits, and the plan provides for out of network medical/surgical benefits, it must provide for out of network mental health benefits;
- If a group health plan includes medical/surgical benefits and substance use disorder benefits, and the plan provides for out of network medical/surgical benefits, it must provide for out of network substance use disorder benefits;
- Standards for medical necessity determinations and reasons for any denial of benefits relating to mental health benefits and substance use disorder benefits must be made available upon request to plan participants;
- The parity requirements for the existing law (regarding annual and lifetime dollar limits) will continue and will be extended to substance use disorder benefits.

Source: www.cms.gov

If you have questions or need assistance, please contact jdunn@stoweassociates.com.

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