

## **The Federal Mental Health Parity Law**

### **What does it mean for Connecticut health insurance consumers?**

Mental health insurance “parity” refers to equal coverage of mental health and substance use disorders to that of medical/surgical coverage.

Although most states have some version of a parity law, the federal law (Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act’s regulations) went into effect on July 1, 2010.

The federal law applies to large self-insured plans (companies with 51 or more employees), state-regulated large group health insurance plans (51 or more employees), and Medicaid managed care plans and State Children’s Health Insurance Programs (S-CHIP’s) that are private sector health plans. CT’s law applies to both individual and group health insurance plans regardless of employer size.

Federal law only requires parity of plans that offer mental health and substance use (MH/SU) coverage. They do not require plans to offer such coverage. State law requires insurers to offer mental health parity coverage.<sup>1</sup>

#### **Important differences between Connecticut law and the federal law**

##### **Connecticut law:<sup>2</sup>**

- 1) Broader in the scope of coverage – it requires plans to cover treatment for all conditions described in the most recent edition of the “Diagnostic and Statistical Manual of Mental Health Disorder. “ CT law also requires specific coverage for autism spectrum disorders and residential treatment facilities. The federal law allows the plans to define the covered conditions.
- 2) Broader in range of reimbursable mental health providers – it requires plans to pay for services provided by psychiatrists, licensed psychologists, licensed clinical social workers, licensed marital and family therapists, licensed alcohol and drug counselors, licensed professional counselors, among other professionals in certain treatment settings. The federal law does not mandate the scope of professionals that must be reimbursed for services.
- 3) Requires compliance for all size employers without exemption.
- 4) Requires compliance by individual plans.

##### **Federal Law:<sup>3</sup>**

- 1) Applies to both quantitative (like co-pays and the # of office visits) and non-quantitative treatment limits (like prior authorization, prescription drug formularies, and provider networks). CT law only applies to financial limits, such as co-pays. Please note that CT law allows financial limitations for MH/SU to be the same as those for specialist visits, whereas the federal law requires parity with the predominant limitations of “substantially all” providers.

---

<sup>1</sup> State of Connecticut Office of the Health Care Advocate, October 2010. *The Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act of 2008: A Recommendation for Connecticut’s Response to the Interim Final Rule.*

<sup>2</sup> Ibid.

<sup>3</sup> Ibid.

- 2) Requires parity in out-of-network care.
- 3) Specifies financial limitations, such as requiring a single deductible for all medical/surgical care and mental health/substance use disorders diagnosis and treatment.
- 4) Provides the beneficiary the right to request the criteria used in the determination of medical necessity.

#### **EXAMPLE 1**<sup>4</sup>

Joe's insurance provides that if Joe wants to use his outpatient in-network mental health services, he will be limited to twenty visits a year. There is no limitation on the number of visits on the outpatient in-network medical/surgical side.

#### **WHAT DOES CT DO?**

The current CT law as written does not address this situation.

#### **WHAT DOES FEDERAL SAY?**

This is a parity violation. There cannot be a treatment limitation on outpatient in-network mental health services unless a similar treatment limitation applies to substantially all outpatient in-network medical/surgical services. Since there are no limitations on the medical/surgical side, no limitation can be applied to the MH/SU side.

#### **EXAMPLE 2**<sup>5</sup>

Same facts as example one, and Joe's insurance company requires a co-payment of \$30 for a mental health visit, while requiring only \$10 co-payments for 2/3 of the providers on the medical/surgical side, while requiring a \$30 co-pay for the other third, specialists.

#### **WHAT DOES CT DO?**

Under the current law as written, it would not be a parity violation for Joe to have to pay \$30 for his MH/SU provider. The law implicitly allows financial limitations for MH/SU to be the same as those for specialist visits.

#### **WHAT DOES FEDERAL LAW SAY?**

This is a parity violation. Since substantially all (2/3) co-payments to providers are \$10 and \$10 is the predominant level of co-payments (the most common co-pay), Joe's plan can only charge him \$10 for his co-pay. (In the federal rules, MH/SU providers are not treated as specialists for a parity comparison; co-pays for MH/SU providers are not compared to co-pays for specialists only.)

**For questions concerning compliance with parity requirements, please contact the Office of the Healthcare Advocate at 1-866-466-4446 and the State of Connecticut Department of Insurance at 1-800-203-3447.**

**For plans that are subject to the federal parity law, complaints can be filed with the U.S. Secretary of Labor's office to file a complaint (1-866-487-2365).**

---

<sup>4</sup> Ibid.

<sup>5</sup> Ibid.