

The Affordable Care Act was passed by Congress and signed into law by President Obama on March 23, 2010; the comprehensive health care reform has a number of changes that will affect you, your family, and your friends.

## *Understanding Health Reform*

### **Understanding the Federal Parity Law**

#### **What is the Federal parity law?**

On October 3, 2008, the Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act of 2008 was signed into law. This new Federal law requires group health insurance plans (those with 50 or more insured employees) that offer coverage for mental illness and substance use disorders to provide those benefits in a way that is no more restrictive than all other medical and surgical procedures covered by the plan. The Mental Health Parity and Addiction Equity Act does not require group health plans to cover mental health (MH) and substance use disorder (SUD) benefits. But, when plans do cover these benefits, MH and SUD benefits must be covered at levels that are no lower than the levels of other medical and surgical benefits offered by the plan. Plans covering MH and SUD benefits must also have treatment limitations that are no more restrictive than the other offered benefits.

#### **Why is the Federal parity law important?**

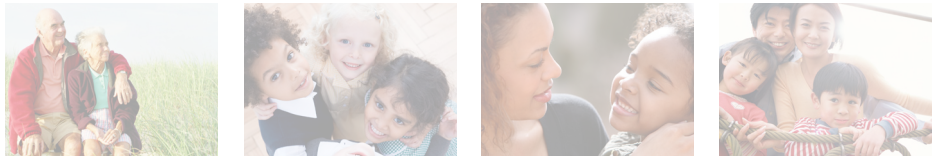
- Eliminates the practice of unequal health treatment. This practice of inequality has kept individuals with untreated SUD and MH disorders from receiving critically important

treatment services. By providing parity, insurance covers treatment for substance use and MH disorders in a way that is equal to treatment coverage for other chronic health conditions such as diabetes, asthma, and hypertension.

- Improves access to much-needed MH and SUD treatment services through more equitable coverage. Millions of Americans with MH and/or SUDs fail to receive the treatment they need to get and stay well. The lack of health insurance coverage for MH and SUD treatment has contributed to a large gap in treatment services. Improving coverage of MH and SUD services will help more people get the care they need.

#### **How does the Federal parity law work?**

- This law requires group health insurance plans (those with 50 or more insured employees) that offer coverage for mental illness and SUDs to provide those benefits in a way that is no more restrictive than all other medical and surgical procedures covered by the plan. Specifically, the law prohibits insurance plans from imposing financial requirements (such as



deductibles, copays, coinsurance, or out-of-pocket maximums) or treatment limitations (including day or visit limits and medical management tools) on MH and SUD benefits in a way that is more restrictive than those imposed on other medical or surgical benefits provided by the plan.

- If plans that provide MH and SUD benefits have out-of-network coverage for medical and surgical benefits, they must also cover out-of-network MH and SUD providers.

Group health insurance plans can still manage the use and cost of the benefits they provide by determining both the medical necessity criteria and the scope of coverage, as well as by identifying when prior authorization for treatment is required. However, under the Federal parity law, large group plans (50 insured employees or more) are required to provide participants and beneficiaries with the medical necessity and managed care criteria used to make decisions about coverage and, if MH or SUD benefits are denied, with the reasons for denial of benefits.

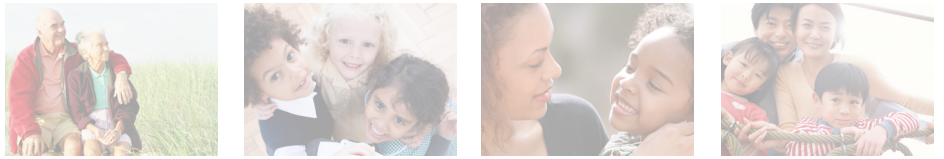
### **Who does the Federal parity law apply to?**

The Mental Health Parity and Addiction Equity Act applies to more than 100 million people who are enrolled in large group employer-funded (50 insured employees or more) or State-regulated plans, and to those who are covered by managed-care Medicaid programs.

- The Federal parity law includes provisions allowing employers that have certain types of plans to request an exemption from the law. Employer-based plans that can demonstrate that their total health care costs have increased by 2 percent as a result of the requirements of the parity law can ask to be exempt for the year following the first year of parity or for 1 year after the increase. Non-Federal employer group health plans sponsored by State and local governments can also opt out of the Federal parity law. The Federal Employees Health Benefit Program adopted the practice of parity in 2001.
- The Federal parity law currently does NOT apply to small employers who have fewer than 50 employees and to plans offered in the individual market. However, starting in 2014, small group and individual market plans purchased through State health exchanges will have to comply with the requirements of the Mental Health Parity and Addiction Equity Act. If you receive your health insurance coverage through a small employer, it is important to note that small employers have the choice to retain their existing coverage or to purchase coverage outside of an exchange and, in doing so, can continue to be exempt from the parity requirement.

In addition, many States have striven to protect consumers with parity laws and other types of laws that provide benefits and protections beyond the Mental Health Parity and Addiction Equity Act. The Federal parity law makes clear that State laws that provide greater protections than the Federal law continue to remain in effect.





### **Is the Federal parity law now in effect?**

Yes, both the Mental Health Parity and Addiction Equity Act approved by Congress and the Federal regulations issued to implement the Mental Health Parity and Addiction Equity Act are now effective for all plans covered by the law. For most plans, the requirements of the law became effective in January 2010. In February 2010, the Federal Departments of Health and Human Services, Labor, and Treasury issued regulations to help implement the Federal parity law. For most plans, those regulations became effective in January 2011.

### **How is the Federal parity law enforced?**

A number of State and Federal agencies share responsibility in overseeing and enforcing compliance of the Mental Health Parity and Addiction Equity Act. State insurance commissioners and the Federal Department of Labor have oversight over employer-funded large group health plans. State insurance commissioners have oversight on individual and small employer plans (fewer than 50 employees insured). Self-funded employer plans are regulated by the Department of Labor. Large group self-funded plans provided by State and local governments and churches are regulated by the Department of Health and Human Services. The Department of Treasury's Internal Revenue Service also has oversight to help enforce the law.

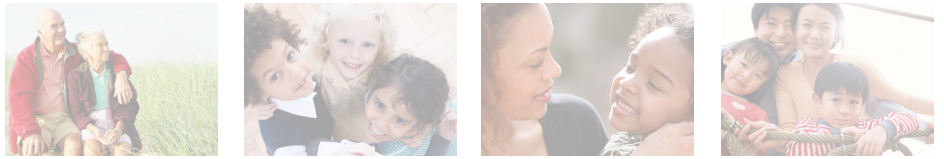
### **What can I do if I think the Federal parity law is being violated?**

As stated above, enforcement of the Federal parity law varies based on the type of insurance plan. Some plans are primarily enforced by the States and, in some States and some plans, the State laws may provide stronger consumer protections than the Federal law. In these cases, the State's insurance commissioner or another entity in the State is primarily responsible for enforcement of the law. For other types of plans, the Federal parity law is primarily enforced by the Department of Labor, the Department of Health and Human Services, and/or the Internal Revenue Service.

If you have concerns about compliance with the Mental Health Parity and Addiction Equity Act, you can contact the Centers for Medicare & Medicaid Services help line at 877-267-2323 extension 6-1565 or [phig@cms.hhs.gov](mailto:phig@cms.hhs.gov) or the Department of Labor at 866-444-3272 or <http://www.dol.gov/dol/topic/healthplans/mental.htm>.

For covered State and local plans and for church plans, contact the Department of Health and Human Services at 877-267-2323 extension 6-5511 or [http://www.cms.hhs.gov/HealthInsReformforConsume/01\\_Overview.asp](http://www.cms.hhs.gov/HealthInsReformforConsume/01_Overview.asp).

You should also contact your State insurance commissioner or the appropriate health insurance oversight authority in your State.



## Where can I find more information on Health Reform?

The Affordable Care Act was passed by Congress and signed into law by President Obama on March 23, 2010; the comprehensive health care reform has a number of changes that will affect you, your family, and your friends. There are a number of resources available to help you find information about the Affordable Care Act. Some resources available are:

- <http://www.healthcare.gov>
- <http://www.samhsa.gov/healthreform>
- <http://blog.samhsa.gov>
- <http://www.hhs.gov>
- <http://www.ncsl.org>

The most comprehensive resource available is the Federal Government's new Web site <http://www.healthcare.gov>. Healthcare.gov provides you with a number of resources. On healthcare.gov you can:

- Find and compare health care coverage options in your State, including Medicaid services.
- Access information and timelines about the different provisions in the Affordable Care Act.
- Compare care quality of hospitals.
- Learn about health prevention and get prevention tips.

If you want to know more about your rights under the Affordable Care Act, go to: [http://www.healthcare.gov/law/provisions/billofright/patient\\_bill\\_of\\_rights.html](http://www.healthcare.gov/law/provisions/billofright/patient_bill_of_rights.html).

## Where can I find more information about the Federal parity law?

The Substance Abuse and Mental Health Services Administration (SAMHSA) has more information about the Federal parity law on their Web site (<http://www.samhsa.gov/healthreform>) and blog (<http://blog.samhsa.gov>).

The full text of the Mental Health Parity and Addiction Equity Act can be found at <http://thomas.loc.gov>. The Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act of 2008 can be found beginning in Section 511 of Public Law 110-343.

The regulations that implement the Mental Health Parity and Addiction Equity Act (the Interim Final Rule) can be found at <http://edocket.access.gpo.gov/2010/pdf/2010-2167.pdf>.

The Federal Government also has assembled a list of frequently asked questions with answers. These can be found at <http://www.dol.gov/ebsa/faqs/faq-aca5.html>.

A number of advocacy organizations are working to ensure successful implementation of the Mental Health Parity and Addiction Equity Act. The links below are for private organizations that provide resources for additional information on the parity law. Their views and information are their own and not those of the Federal Government.

- National Coalition for Mental Health Recovery (<http://www.ncmhr.org>);
- Depression and Bipolar Support Alliance (<http://www.dbsalliance.org>);
- Mental Health America (<http://www.nmha.org>);
- National Alliance on Mental Illness (<http://www.nami.org>);
- Bazelon Center for Mental Health Law (<http://www.bazelon.org>);
- Legal Action Center (<http://www.lac.org>);
- Faces & Voices of Recovery (<http://www.facesandvoicesofrecovery.org>); and
- National Empowerment Center (<http://www.power2u.org>).