

Federal Mental Health Parity Brief

The Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act of 2008 (“the Act”) passed as part of the federal bailout of the financial industry. The intent of the Act is to bring equality to health and mental health benefits and is applied to employers of 51 or more employees who choose to offer mental health benefits.

Specifically, the Act:

- Applies to self-insured employer-sponsored health plans that are currently exempt from state parity laws.
- Prohibits group health plans from imposing stricter treatment limitations and financial requirements for mental health and substance-use conditions than those they apply to other medical and surgical benefits.
- Imposes no requirement as to what conditions must be covered by a plan, but simply states that a covered condition have equal benefit.
- States that, if a plan offers out-of-network benefits for medical/surgical care, it must also do so for mental health services.
- Establishes an oversight mechanism to determine if insurers are discriminating against certain conditions or failing to cover some treatments.
- Allows exemption of a health plan from the law if the employer can prove its health plan costs will increase more than 2% in the first year and 1% thereafter. Plans must implement parity for at least 6 months.
- Does not preempt state parity laws mandating *more* stringent requirements.

In California, AB 88 (1999) mandates equality of insurance benefits for individuals with one or more of seven enumerated diagnosis. It includes coverage for OP services, IP hospital services, partial hospital services, and prescription drugs (if the policy or contract includes prescription drug coverage). Parity extends to maximum lifetime benefits, co-payments, coinsurance and individual and family deductibles.

The Act does not preempt the state benefit but does not define what disorders must be covered. The impact in California may be minimal because health plans have no incentive to expand coverage to other disorders and because the law only applies to plans that have chosen to offer a mental health benefit.

More specific information is difficult to find at this early time. CASRA will keep you updated as information and analyses are made public.