



Mental Health and Substance Abuse Parity in Private Insurance

Summary of Federal and State Laws

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- Agenda
 - Discussion of federal laws
 - Mental Health Parity Act of 1996
 - Mental Health Parity and Addiction Equity Act (MHPAEA) signed into law in 2008.
 - Affordable Care Act
 - Discussion of North Carolina insurance laws
 - Mental Illness Benefits Coverage – N.C.G.S. § 58-3-220
 - Coverage for Chemical Dependency Treatment – N.C.G.S. § 58-51-50
 - No Discrimination Against Mentally Ill or Chemically Dependent Individuals – N.C.G.S. § 58-51-55

Federal Laws

- Two Acts:
 - Mental Health Parity Act (MHPA) signed into law in 1996.
 - Mental Health Parity and Addiction Equity Act (MHPAEA) signed into law in 2008.
 - Also known as the Paul Wellstone and Pete Domenici Mental Health and Addiction Equity Act

Federal Laws (Continued)

- Applicability of MHPA and MHPAEA
 - To plans sponsored by public and private sector employers with more than 50 employees that provides EITHER mental health (MH) or substance use disorder (SUD) benefits AND medical/surgical benefits.
 - Apply to self-insured and fully insured arrangements (including the issuer).
 - Do not apply to plans sponsored by employers with 50 or less employees, or to issuers who issue coverage to employers with 50 or less employees *.

* See ACA provisions

Federal Laws (Continued)

- Provisions of MHPA and MHPAEA
 - The MHPAEA does NOT mandate that a plan provide MH/SUD benefits. Rather, if a plan provides medical/surgical and MH/SUD benefits, it must comply with the MHPAEA's parity provisions.
 - Requires parity for MH/SUD benefits with medical/surgical limits with respect to aggregate lifetime and annual dollar limits if such apply to MH/SUD benefits.

Federal Laws (Continued)

- Provisions of MHPA and MHPAEA (Continued)
 - Applies a “not more restrictive than” rule for MH/SUD financial requirements and treatment limitations so they are in line with the predominant requirements applied to substantially all medical/surgical benefits.
 - If a plan or issuer that offers medical/surgical benefits on an out-of-network basis also offers MH/SUD benefits, it must offer the MH/SUD benefits on an out-of-network basis as well.

Federal Laws (Continued)

- Affordable Care Act
 - Mental health and substance use disorder services are one of the 10 “essential health benefits” (EHB) categories, and such benefits must be in accordance with the MHPAEA. (Section 1302(b)(1) and Section 1311(j))
 - EHB provisions apply to non-grandfathered plans in the individual and small employer group markets both inside and outside the exchange.

Federal Laws (Continued)

- Affordable Care Act (Continued)
 - Because EHB apply to individual and small employer group plans, and the issuers who sell such plans, then non-grandfathered individual and small employer group plans become subject to the parity provisions of the MHPAEA as of January 1, 2014 within the EHB context.

NC Laws

- **Mental Illness Benefits Coverage** (N.C.G.S. § 58-3-220)
 - Mandates an issuer shall provide coverage for the necessary care and treatment of mental illnesses.
 - Applies to group health benefit plans
 - Coverage must be no less favorable than benefits for physical illness generally.
 - Limits (deductibles, coinsurance factors, co-payments, maximum out-of-pocket limits, annual and lifetime limits and any other dollar limits or fees for covered services) must be the same for mental illness benefits as for physical illness generally.

NC Laws (Continued)

- Mental Illness Benefits Coverage (Continued)
 - Mental Illness is defined as those diagnosed and defined in the Diagnostic and Statistical Manual of Mental Disorders (DSM-IV) with some exceptions.
 - For all but 9 defined mental illnesses an insurer may impose durational limits of 30 combined inpatient and outpatient days per year and 30 office visits per year.

NC Laws (Continued)

- Mental Illness Benefits Coverage (Continued)
 - For the following 9 mental illnesses an insurer may NOT impose durational limits different than what is imposed for physical illness

Bipolar Disorder

Schizophrenia

Major Depressive Disorder

Post-Traumatic Stress Disorder

Obsessive Compulsive Disorder

Anorexia Nervosa

Paranoid and Other Psychotic
Disorder

Bulimia

Schizoaffective Disorder

NC Laws (Continued)

- Mental Illness Benefits Coverage (Continued)
 - If a plan contains limits on selected physical illness benefits and those benefits do not represent substantially all of the physical illness benefits, then the plan may impose limits on the mental illness benefits based on a weighted average of the respective limits that apply to the selected physical illness benefits.

NC Laws (Continued)

- Coverage for Chemical Dependency Treatment
(N.C.G.S. § 58-51-50)
 - Mandates an issuer OFFER minimum coverage for the necessary care and treatment of chemical dependency.
 - Applies to group and blanket health benefit plans
 - Minimum offer provides for \$8,000 annual benefit and a \$16,000 lifetime benefit.

NC Laws (Continued)

- No Discrimination Against Mentally Ill or Chemically Dependent Individuals (N.C.G.S. § 58-51-55)
 - No issuer shall solely due to the fact the individual to be insured has or had a mental illness or chemical dependency:
 - » Refuse to issue or deliver any policy that affords benefits or coverage for any medical treatment or service for physical illness or injury;
 - » Charge a higher premium for the coverage; or
 - » Reduce physical illness or injury coverages or benefits for the individual.
 - Provides that the statute does NOT mandate coverage for chemical dependency.
 - Applies only to group health benefit plans.

Questions?