# Parity and Health Care Reform: Important Changes for Behavioral Health

Kirsten Beronio
Vice President, Public Policy and Advocacy

July 8, 2010

# Overview

- The New Federal Parity Law
  - Statute
  - Regulations
- Health Care Reform
  - Private Insurance Initiatives
  - Medicaid Expansions
  - Opportunities to Improve Health Care Delivery

MHA Mental Health America

# Wellstone/Domenici Mental Health Parity/Addiction Equity Act

- Financial requirements (e.g., copayments, deductibles) and treatment limitations (e.g., visit limits) applicable to mental health and substance use disorder benefits must be no more restrictive than the predominant financial requirements or treatment limitations applied to substantially all medical/surgical benefits.
- Effective October 2009
- Group health plans over 50 employees

# MHPAEA Implementation

Interim Final Rules (issued Feb 2010)

- Effective for new plans as of July 1, 2010
- Designate six benefit classes for parity determination
- Details analysis for determining parity:
  - 1st - Does treatment limit or financial requirement apply to 2/3rds of medical/ surgical benefits?
  - 2nd – If yes, what level applies to over ½ medical/surgical benefits?

MHA Mental Health America

# MHPAEA Implementation

- Regulations also require parity in non-quantitative treatment limits, eg, medical management standards and formulary design
  - May not be applied more stringently except as clinically appropriate standards of care permit
- Separately accumulating financial requirements (eg, deductibles) or treatment limits are prohibited

MHA
Mental Health America

# Health Care Reform: Private Insurance Initiatives

- Establishment of state-based health plan "exchanges" by 2014 for individuals and small businesses (up to 100 employees)
- Individual mandate to maintain "minimum essential coverage" - otherwise tax penalties
- Premium and cost-sharing subsidies for those at 133% to 400% of poverty

MHA Mental Health America

# Private Insurance Initiatives

- Exchanges will certify plans as qualified
- To be qualified plans must meet essential benefits requirements
- Scope of benefits must be equal to typical employer plans
- The Mental Health Parity and Addiction Equity Act applies to plans offered through the exchanges.

MHA
Mental Health America

# Private Insurance Initiatives

- Essential benefit package:

  Ambulatory
  Emergency
  Hospitalization
  Maternity/ Newborn
  Prescription drugs
  Rehab and Habilitative
  Laboratory services
  Preventive/Wellness
  Mental health and substance abuse
  Pediatric

MHA Mental Health America

# Medicaid Expansion

- New Mandatory Eligibility Group to 133% FPL
  - Income up to $14,404 for individuals and $29,326 for families of four
  - Regardless of traditional eligibility categories (thus including childless adults)
  - No asset test
  - Mandatory by January 2014
  - Optional beginning April 1, 2010 (at any level up to 133%FPL)

MHA Mental Health America

# Medicaid Expansion – Benefit Package

- Not full Medicaid benefits
- Benchmark coverage instead – private insurance models established in CHIP statute
- But amended to include mental health and prescription medications as mandatory
- Wellstone/Domenici Parity Law applies
- As of 2014, benchmark coverage must also comply with essential benefit package requirements for state health insurance exchanges (adds substance abuse benefits)

MHA
Mental Health America

# Additional Assistance for States

- Start up funding for states to establish exchanges 2011-2015
- If a state fails to establish exchange by 2014, federal government will set it up
- Funding for consumer assistance programs ($30 million) (2010)
- Feds to establish web portal to inform individuals and small businesses about private insurance options (7/10)

MHA Mental Health America

# Additional Assistance for States

- High Risk Pool funding – for states to cover people with preexisting conditions without coverage for previous six months -$5 billion available July 1st 2010 until 2014
- Funding to help states monitor insurance rates - $250 million over 5 years starting in 2010
- Grants for states and communities to develop systems of counseling and access to help consumers understand and navigate health and long term care options - $60 million

# Private Insurance Reforms

- Preexisting condition exclusions (2014) and for children (Sept 2010).
- Guaranteed issue and renewability (2014)
- Premiums may no longer be based on health status (2014)
- Lifetime caps on benefits prohibited (Sept 2010) and annual limits are restricted (prohibited 2014).
- Required coverage of dependent children up to age 26 (Sept 2010)

MHA Mental Health America

# Opportunities to Improve Delivery Systems

- Medicaid health home option (2011)
- Grants to support co-location of primary and specialty care in CMHCs (2010)
- Grants for community health teams and school-based health centers
- Changes to Medicaid home- & community-based services option (sec.1915(i))

MHA
Mental Health America

# Other Demonstrations and Grants

- Medicaid Inpatient Psychiatric Care Demo
- Grants for early childhood home visitation
- Grants to develop workforce strategies
- Demos and extensions targeted to rural areas

MHA
Mental Health America

# For more information

- Chin-Chin Minniear
  cminniear@mentalhealthamerica.net
  703.838.7509

- Sarah Steverman
  ssteverman@mentalhealthamerica.net
  703.797.2594