



Mental Health Parity

Most Americans with health insurance face greater barriers in accessing services for mental illnesses, including substance use disorders, than for other medical conditions. In response to this discrimination, which includes higher out-of-pocket costs, more restrictive treatment limitations and inadequate networks of providers, Congress passed the Mental Health Parity and Addiction Equity Act of 2008 (Parity Law). A Final Rule for the Parity Law was issued by the Obama administration on Nov. 8, 2013. This provided more specific guidance for implementing the law and will take effect on health plans starting on or after July 1, 2014.

The Parity Law mandates that employer-based health plans that provide coverage for mental illnesses must provide benefits on par with those provided for medical/surgical conditions. The law does not require employers to cover mental illnesses; but if they do, they must provide benefits similar to their medical/ surgical benefits. The Affordable Care Act builds on this legislation and in 2014 will require all new plans, as well as those offered on the Health Insurance Marketplace, to offer coverage for mental illnesses, including substance use disorders, at parity as a core benefit.

These clear victories for mental health parity are the means to end discrimination against those suffering from mental illness and substance use disorders. Unfortunately, inequities against those with mental illnesses continue. On behalf of its members and their patients, the American Psychiatric Association acts to ensure that every person with a mental or substance use disorder has access to affordable, quality mental health care.

Only with vigorous enforcement of these laws and oversight of insurance providers' practices will the promise of mental health parity be fully realized.

The Final Rule: a Step Forward

The Parity Law's Final Rule provided direction to ensure that consumers receive the benefits they deserve and are entitled to. This included guidance in four key areas:

1. Disclosure and transparency- Previously, insurers often denied claims for care of mental illnesses by citing vague medical necessity standards. The Final Rule clarifies that medical necessity criteria used to approve or deny claims, as well as the processes used to implement these criteria, must be made available to consumers in the same way these standards are provided for medical/surgical claims.

2. Scope of services- Insurers are required to cover the full continuum of care from outpatient through inpatient care, including intermediate levels of care (i.e., intensive outpatient, partial hospitalization, residential care).

For mental illnesses, many plans exclude residential treatment and day treatment from coverage. Some plans even exclude inpatient rehabilitation, forcing a patient to go straight from a residential setting to an outpatient setting. Without the full continuum of care, patients often don't persevere or obtain medically necessary treatment in time.

Plans or issuers that include intermediate levels of services for medical/surgical conditions should provide comparable benefits for mental illnesses, including substance use disorders.

3. Nonquantitative treatment limits- The Parity Law and its Final Rule determined that intangi-

ble barriers to care are unlawful. These limits, which include disparate provider reimbursement rates, lengthy approval processes and bureaucratic delays in service requests, cannot be applied more stringently to mental health and substance use benefits than they are to medical/surgical benefits.

The impact of this practice was shared through the story of a young woman from Los Angeles at a recent field hearing on equity in mental health care. Her insurer denied coverage for her eating disorder because, according to the insurance company, she was not “purging enough” to warrant inpatient treatment for her bulimia. She later died of septic shock caused by her stomach rupturing after she binged. The insurance company paid for all of the emergency services on that last night of care but refused to provide the services necessary to save her life.

4. Parity in Medicaid Managed Care, CHIP and Alternative Benefit Plans- Even though the Parity Law applies to Medicaid Managed Care Organizations, the Children’s Health Insurance Program (CHIP) and Alternative Benefit Plans (e.g., Medicaid expansion plans under the Affordable Care Act), the Final Rule itself does not apply.

The January 2013 CMS State Health Official Letter will continue to govern implementation of Medicaid managed care parity. The Final Rule notes that more guidance on this will be forthcoming.

- working to hold insurance companies accountable to the law through litigation and assisting those impacted by violations in filing complaints with the Department of Labor
- joining and supporting the Parity Implementation Coalition, a group of professional societies and advocacy organizations pressing for full enforcement of the Parity Law
- creating and distributing educational materials for providers and employers to better understand the full impact of the law

The Final Rule is not the final word. APA will continue to work with federal and state agencies to ensure complete equity in the health system and to hold the insurance industry strictly accountable for compliance with the Parity Law and similar state laws.

The Obama administration, patient advocates, the insurance industry, employers and the provider community must remain vigilant and continue to work toward true equality for people with mental illness.

For additional resources on mental health parity, please visit www.psychiatry.org/parity or www.parityispersonal.org.

APA is a national medical specialty society whose more than 36,000 physician members specialize in the diagnosis, treatment, prevention and research of mental illnesses, including substance use disorders.

Visit the APA at www.psychiatry.org.

APA’s Advocacy

To end the discrimination that many people with mental illness or addiction experience, APA continues to take an active role in advocating for access to quality mental health care by:

- convening medical and mental health organizations
- testifying before Congress
- participating in White House conferences on mental health

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