



Rule on Mental Health Parity & Addiction Equity Act

We have learned that the U.S. Department of Health and Human Services (HHS) will issue its final rule on the Mental Health Parity & Addiction Equity Act of 2008 within the next few weeks. As many of you will recall, for two decades Jewish Federations and their partner Jewish Family and Children's Service agencies worked arduously to obtain substantive parity legislation. The 2008 law builds upon the Mental Health Parity Act of 1996 by updating the statute related to managed care changes that have altered the healthcare landscape.

The final rule, which will activate the 2008 law, was scheduled to be released on October 23rd. In light of the government shutdown, its release has been delayed. Below, please find the salient points of the Mental Health Parity & Addiction Equity Act. We expect the law to have a profoundly positive impact on partner agencies, particularly Jewish Family & Children's Agencies, and the clients they serve given the increased reimbursement rates and benefits that will be provided by insurance companies for mental health and substance use disorder (also known as Behavioral Health) services:

Purpose. The Mental Health Parity and Addiction Equity Act, signed into law on October 3, 2008, seeks to end health insurance benefits inequity between mental health/substance use disorders and medical/surgical benefits for group health plans with more than 50 employees. When the law is enacted and the final rule is released by HHS, 113 million people across the country will have the right to non-discriminatory mental health coverage, including 82 million individuals enrolled in self-funded plans (regulated under ERISA), who cannot be assisted by State parity laws.

The Parity Requirement. The bill amended the Mental Health Parity Act of 1996 to require that a group health plan of 50 or more employees (or coverage offered in connection with such a plan) provides both medical and surgical benefits and mental health or substance use benefits. The law ensures that financial requirements and treatment limitations applicable to mental health/substance use disorder benefits are no more restrictive than those requirements and limitations placed on medical/surgical benefits.

- Equity coverage will apply to all financial requirements, including deductibles, copayments, coinsurance, and out-of-pocket expenses, and to all treatment limitations, including frequency of treatment, number of visits, days of coverage, or other similar limits.
- The bill builds on the 1996 parity law, which already requires parity coverage for annual and lifetime dollar limits.
- Mental health and substance use disorder benefits are defined broadly to mean benefits with respect to services for mental health conditions and substance use disorders, as defined under the terms of the plan and in accordance with applicable Federal and State law.
- A plan may not apply separate cost sharing requirements or treatment limitations to mental health and substance use disorder benefits.
- If a plan offers two or more benefit packages, the requirements of this Act will be applied separately to each package.
- As under the current Federal parity law, mental health or substance use benefit coverage is not mandated. However, if a plan offers such coverage, it must be provided at parity in accordance with this Act.
- A group health plan (or coverage) that provides out-of-network coverage for medical/surgical benefits must also provide out-of-network coverage, at parity, for mental health/substance use disorder benefits.

We will continue to keep you apprised of the parity final rule once it is released. As I mentioned above, we believe that parity will have a positive impact on reimbursement rates and, more importantly, will end the discrimination currently in place and increase access to needed mental health and services.

Best,

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