In October 2008, President Bush signed the Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act into law. The new law requires that group health plans with more than 50 employees provide “parity” between the financial requirements and treatment limitations applied to mental health and substance use disorder benefits, and medical and surgical benefits. So, what does this mean for you?

The new law has several components. Below are several highlights of the legislation. (Please note: The federal parity legislation generally does not preempt existing state parity laws.)

The Federal Mental Health Parity and Addiction Equity Act:

- Goes into effect on October 3, 2009 for new and renewing accounts. Most groups will not be impacted until 2010, as they come up for renewal.
- Prevents the use of treatment limits that are unequal or more restrictive for mental health and substance use disorder services than for medical services.
- Establishes financial parity for mental health and substance use disorder benefits with medical benefits. This includes: copayments, coinsurance, deductibles and out-of-pocket expenses.
- Allows for medical management when the carrier discloses medical necessity criteria.
- Requires out-of-network coverage for mental health and substance use disorder services if a plan provides out-of-network medical benefits.
- Allows plans to define covered services for mental health and substance use disorder treatment. While there is no coverage mandate under the law, parity will apply to all diagnoses a group chooses to cover (i.e., a group cannot choose to cover some diagnoses at parity and others not at parity).
- Requires that insurers or plan administrators who deny mental health or substance use disorder services explain the reason for the denial.
- Establishes minimum coverage for mental health and substance use disorder benefits in those states where parity is not already at or above the new federal requirements.

Who Will Be Affected

- Fully-insured and self-funded group health plans with more than 50 employees, with few exceptions (see “Who Will Be Exempt”)
- Group health plans regulated by the Employee Retirement Income Security Act of 1974 (ERISA), the Public Health Service Act and the Internal Revenue Code of 1986

Who Will Be Exempt

- Employers with 50 or fewer employees
- A group health plan that is granted a cost exemption pursuant to the applicable provisions of the new law (NOTE: It is strongly advised that you seek the advice of counsel if you believe you may qualify for this exemption.)
- Individual policies
- Disability and long-term supplemental care plans
- Indemnity plans