



# Compliance Alert

October 27, 2008

***Compliance Alert, provided by Group Benefit Services, gives you the most up to date information regarding industry news as well as legislation and regulatory activities affecting your health plan.***

## **TOPIC: MENTAL HEALTH PARITY ACT**

On October 3, 2008, President Bush signed into law the Emergency Economic Stabilization Act of 2008 (H.R. 1424), which includes the Paul Wellstone and Pete Domenici *Mental Health Parity and Addiction Equity Act of 2008* (the “Mental Health Parity Act”). This new act expands the 1996 Federal Mental Health Parity Act.

The Act mandates that insurance policies and *employer group health plans* that do provide mental health coverage must provide parity between coverage of medical and surgical benefits and the coverage of mental health and substance use disorder benefits.

Below are some specifics regarding the new Act.

1. The new Act becomes effective for plan years beginning after December 31, 2009.
2. The new Act extends its requirements to benefits for substance use disorders, not only mental health disorders.
3. The new Act mandates the financial coverage for mental health and substance use disorder benefits can not be more restrictive than the most common or most frequent financial requirements applied for substantially all medical and surgical benefits under the plan. These financial requirements include deductibles, co-payments, coinsurance, out-of-pocket limits, as well as annual and lifetime dollar limits.
4. The new Act requires equity in treatment limits such as caps on the frequency or number of visits, limits on days of coverage, or other similar limits on the scope and duration of treatment.

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5. The new Act requires the health plan to provide out-of-network benefits for mental health and substance abuse disorders as the plan provides for medical and surgical out-of-network services.
6. The health plan will be required to define “mental health conditions” and “substance use disorders” and will need to disclose to current and potential plan participants and providers the plan’s criteria for determining medical necessity.

Self Insured plans (under ERISA) continue to remain free to define the benefits covered. Plans are permitted to use utilization review and other authorization or medical management practices.

Health plans are not required to provide mental health coverage but if the health plan does offer mental health benefits, Plan sponsors could face penalties of up to \$100 per day per beneficiary if they fail to comply with the parity requirement, and plan participants may bring civil suit to obtain covered benefits.

As the your health plan approaches the renewal, effective January 1, 2010 and later, your GBS Account Manager will work closely with you and your consultant/broker to ensure that your plan in compliance.

***If you have any questions regarding this information, please contact your Group Benefit Services Account Manager at 1.800.638.6085.***

***This communication is not intended to be legal advice and should not be construed as legal advice. If you have any legal questions or concerns about your plan, GBS recommends seeking counsel from an ERISA attorney.***

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