

SUMMARY OF KEY PROVISIONS IN PUBLIC LAW 110-343

The Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act of 2008

PARITY IN FINANCIAL TREATMENT AND LIMITATIONS

- Co-pays, deductibles and annual and lifetime caps on addiction and mental health benefits will be the same as those on medical and surgical benefits

PROTECTION OF STRONGER STATE LAWS

- The law includes language that would protect consumers who live in states whose laws are stronger than the federal parity legislation. The law:
 - Provides the Department of Labor (DOL) with the authority to audit any health requesting an exemption from the Act; and
 - Directs DOL to provide both consumers and relevant state regulators with information about the impact of this Act and its relation to state laws and any new consumer rights included as a result of its passage. It would also provide consumers assistance with any questions or problems with compliance.

MEDICAL MANAGEMENT

- The law allows plans to retain the ability to determine what is medically necessary care. Giving plans the latitude to make medical necessity determinations is the number one way plans can control costs.

SCOPE OF COVERAGE

- Plans will retain the ability to decide what conditions to cover. There is **no** DSM mandate.
- The law directs the Government Accountability Office (GAO) to provide a report to Congress within three years of enactment of the bill on:
 - Specific coverage rates for all mental health and substance use disorder conditions;
 - Which diagnoses are most commonly covered or excluded;
 - Whether implementation of the law has affected trends in coverage or exclusion of mental health and substance use disorder conditions; and
 - The impact of covering or excluding specific diagnoses on participants' and enrollees' health, their health care coverage and the cost of delivering care.

TRANSPARENCY IN MEDICAL NECESSITY CRITERIA AND REASONS FOR DENIALS

- While plans will retain the right to manage the benefit as they see fit and determine the scope of coverage, plans will have to provide to plan participants and employers the terms and conditions of the medical necessity criteria used by the plan upon request.
- The law also requires that plans must disclose reasons for denials.

OUT OF NETWORK BENEFITS IN PARITY

- The law extends parity to out of network benefits. Thus, if out-of-network benefits are extended to medical and surgical benefits under the plan, out-of-network benefits are extended to mental health and addictive disorders as well.

INCLUSION OF ADDICTION

- Addiction is transparently included throughout the law.

COST EXEMPTION

- Plans whose costs increase more than 2% in the first year and 1% thereafter can be exempted from the parity requirements.
- The law requires that plans who drop coverage because they meet the cost exemption criteria must inform plan participants of a change in benefits.

SMALL EMPLOYER EXEMPTION

- Small employers who employ fewer than 50 people are exempt from the law.

EFFECTIVE DATE

- The effective date is the beginning of the plan year one year after date of enactment of the parity law. For most plans, this means the effective date is January 1, 2010.