



# What is Mental Health Parity?

*A Consumer Guide to the Evaluating State Mental Health and Addiction Parity Statutes Report*



# Mental Health Parity is YOUR right.

## What Is Parity?

The Mental Health Parity and Addiction Equity Act of 2008 (MHPAEA), also known as the Federal Parity Law, requires insurers to cover illnesses of the brain, such as depression or addiction, no more restrictively than illnesses of the body, such as diabetes.

Current law requires health insurers to apply similar processes and restrictions for treatment and coverage of mental health and substance use disorders as they would for medical and surgical benefits.

When a health insurance plan has parity, it means conditions that share the same characteristics are treated in the same way. For example, the number of visits you are provided, your copayments, and the level of treatment coverage for depression would be similar to those for diabetes.<sup>1</sup>

## What Does Parity Mean for Me?

Prior to the passage of the 2008 Federal Parity law, insurance plans typically did not cover mental health conditions at rates comparable to those for physical health conditions.<sup>2</sup>

Most health plans are required by law to follow the Federal Parity Law. This includes most employer-sponsored group health plans and individual health insurance coverage.<sup>3</sup> Most group health plans, Medicaid Managed Care Organizations (MCOs), State Children's Health Insurance Programs (S-CHIP) and individual health plans sold in the Health Insurance Marketplace through the Patient Protection and Affordable Care Act (ACA) (i.e. "Obamacare") are required to follow federal parity mandates.

<sup>1</sup> Centers for Medicare & Medicaid Services. *The Mental Health Parity and Addiction Equity Act (MHPAEA)*. Retrieved from [www.cms.gov/ccio/programs-and-initiatives/other-insurance-protections/mhpaea\\_factsheet.html](http://www.cms.gov/ccio/programs-and-initiatives/other-insurance-protections/mhpaea_factsheet.html).

<sup>2</sup> NAMI: National Alliance on Mental Illness. *What Is Mental Health Parity?* Retrieved from [www.nami.org/Find-Support/Living-with-a-Mental-Health-Condition/Understanding-Health-Insurance/What-is-Mental-Health-Parity](http://www.nami.org/Find-Support/Living-with-a-Mental-Health-Condition/Understanding-Health-Insurance/What-is-Mental-Health-Parity)  
Barry, C. L., Huskamp, H. A., & Goldman, H. H. (2010). A Political History of Federal Mental Health and Addiction Insurance Parity. *The Milbank Quarterly*,



### *State Parity Laws Explained:*

While the federal government provides overall direction on parity enforcement activities, states are primarily responsible for monitoring compliance for fully-insured group plans; individual and employer-funded plans of less than 51 insured employees; Medicaid MCOs; the State Children's Health Insurance Programs (S-CHIP); and, in states that have expanded Medicaid under the ACA, Alternative Benefit Plans. State parity laws vary, and some require insurance plans to provide more coverage than the federal law. However, the federal government has "backup" jurisdiction in states that assert they cannot enforce or fail to substantially enforce the Federal Parity Law.<sup>8</sup>

### *Our Nation at a Glance:*

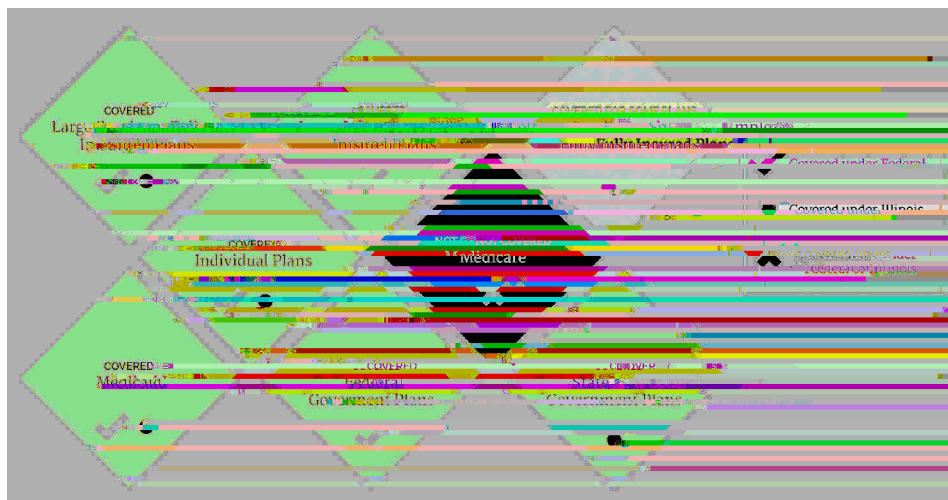
In advance of the 10th anniversary of the signing of the Federal Parity Law, The Kennedy-Satcher Center for Mental Health Equity in The Satcher Health Leadership Institute at Morehouse School of Medicine (KSCMHE), and The Kennedy Forum formed a multidisciplinary research team to develop the Statutory Coding Instrument (SCI). The SCI assesses state-level mental health parity statutes (written laws that were passed by state legislatures and signed by the governor) using systematic methods. This study looks at how states pass strong parity statutes in order to make sure that state regulators have a full set of tools to make parity a reality and to hold both health plans and state officials accountable.

Figure 1 provides a map of the United States that has been color coded according to grades. It should be noted that 43 states received a grade of grade of D or F, with only seven states receiving a satisfactory grade of "C" or higher. Table 1 lists the SCI score for each state.

### 1.1.1 of the ACA Coverage Requirements


### The Illinois Example:<sup>10</sup>

Illinois' parity statute scored 100 on the Statutory Coding Index. One feature of this statute is that the definition of mental health and substance use disorders is tied to the latest expert-developed references—the World Health Organization's International Classifications of Disease and the American Psychiatric Association's Diagnostic and Statistical Manual of Mental Disorders. The statute also requires the Illinois Department of Insurance to proactively enforce state parity law and collect health plans' detailed parity analyses demonstrating compliance prior to plan approval. Finally, though state and local government plans can opt out of the Federal Parity Law, Illinois applies state parity law to these plans, dramatically expanding the number of Illinois residents protected by parity.



### Strengths:

- Increased the number of people benefitting from parity protection by expanding the types of health plans subject to state parity law, including municipal, county, and school district plans, which can all opt out of complying with the Federal Parity Law.
- Strong compliance/enforcement language

<sup>10</sup> <http://thekennedyforumillinois.org/wp-content/uploads/2015/12/Summary-of-HB-1-Parity-Provisions.pdf>



**Ways to Get Involved:**

**AD** **CA** **E** for strong state parity statutes and regulations and **F** **DI** **G** for state advocacy programs.

<b>L</b>	<b>B</b>	<b>C</b>	<b>G</b>
1.			

**GE** **I** **F** **ED** about your parity rights and **KEEP TRACK** of state and federal parity performance by visiting: [www.ParityTrack.org](http://www.ParityTrack.org).

**C** **AC** your representatives at the local, state, and federal levels and let them know that parity matters to you. If you think your health plan is violating parity, visit [www.parityregistry.org](http://www.parityregistry.org) to find out where to go and to tell us your story.

# Notes



