HR and the bailout: Bill includes key mental health coverage

The massive $700 billion financial rescue bill that President Bush signed into law on Oct. 3 contained dozens of measures that have nothing to do with bailing out Wall Street or shoring up credit markets.

Among them: long-awaited legislation that bans health insurers from imposing stricter limits on coverage for mental health and substance-use conditions than those set for other health problems.

The law—titled the Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act of 2008—provides mental health insurance parity for 82 million Americans covered by self-insured plans and another 31 million covered by plans subject to state regulation.

Mental health researchers estimate that roughly 67% of adults and 80% of children who need mental health services fail to get treatment, often because of discriminatory insurance practices.

The law took effect in October. The U.S. Department of Labor and the U.S. Department of Health and Human Services are charged with developing regulations over the next 12 months. It applies to all group health plans with 51 or more employees.

The bill takes the following steps:

It prohibits group health plans that offer coverage for any mental health or substance-use conditions from imposing stricter treatment limitations and financial requirements on those benefits than on medical and surgical benefits. The law does not specify which mental health conditions must be covered. But when a mental health or substance-use condition is covered, it must be at parity with medical coverage (except to the extent that a state parity law requires broader coverage).

If a plan offers out-of-network benefits for medical or surgical care, it must also offer out-of-network coverage for mental health and addiction treatment and provide services at parity.

The law preserves state parity and consumer protection laws while extending parity protection to insured employees. Mental health parity laws vary widely from state to state. For a breakdown of state laws, visit Mental Health America’s web site at **www.nmha.org**.

The legislation also establishes oversight mechanisms to determine whether insurers are discriminating against certain conditions or failing to cover some treatments.

A health plan could be exempted from the federal parity law if it can prove that parity is raising its total plan costs by more than 2% in the first year after enactment and 1% thereafter. But plans must first implement parity for at least six months.

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