

PAUL WELLSTONE MENTAL HEALTH AND ADDICTION EQUITY ACT OF 2007
Rep. Patrick Kennedy and Rep. Jim Ramstad

Context

The bill amends the Mental Health Parity Act of 1996 to eliminate discriminatory provisions that erect obstacles to accessing care for Americans with mental health and addiction disorders. The 1996 Act required equality only for annual and lifetime limits. This bill requires equality across the terms of the health plan.

What the Bill Requires Plans To Do

The bill does not mandate group health plans provide any mental health coverage. However, if a plan does offer mental health coverage, then:

- Equality in financial requirements. The plan or coverage must ensure that any financial requirements applied to mental health and addiction benefits are no more restrictive or costly than the financial requirements applied to substantially all comparable medical and surgical benefits that the plan covers. The categories for comparison are inpatient and outpatient, in-network and out-of-network. Financial requirements include deductibles, copayments, coinsurance, and out-of-pocket expenses. The plan may not establish separate deductibles or out-of-pocket limits that are applicable only to mental health and addiction benefits.
- Equality in treatment limits. The plan or coverage must also ensure that the treatment limitations applied to such benefits are no more restrictive than the treatment limitations applied to substantially all comparable medical and surgical benefits that the plan covers. The categories for comparison are inpatient and outpatient, in-network and out-of-network. Such treatment limitations include limits on the frequency of treatment, number of visits, days of coverage, or other similar limits on the scope and duration of treatment.
- Coverage of all diseases covered by Congressional plans. The plan or coverage must cover the same range of mental illnesses and addiction disorders covered by the federal employee health plan that Members of Congress use.
- Equality in out-of-network coverage. If the plan or coverage offers out-of-network benefits for medical and surgical benefits under the plan, then it must also offer out-of-network coverage for mental health and addiction benefits.

Scope of Coverage – Small Business and Individual Market Exemption

- The mental health parity requirements apply to group health plans with 50 or more employees.
- It does not apply to employers with less than 50 employees are exempt from this Act, nor does it affect the individual insurance market.

Cost Exemption

- If a health plan experiences increased actual total costs of coverage as a result of the equity requirements that exceed 2% during the first plan year or 1% in subsequent years, it is exempt from the equity requirements for the following plan year. The exemption is good for one year, after which the plan would again need to comply.

Effect on State Mental Health Parity Laws

- The bill would establish a federal floor, but not a ceiling. State laws would need to meet the standards in the bill as a minimum, but would not be prohibited from establishing stronger requirements. The bill would not supercede any state law that provides consumer protections, benefits, rights, or remedies stronger than those in this bill.

Transparency in Medical Management

- Plans will be required to make information about criteria used for medical necessity determinations relating to mental health and addiction treatment available to current and potential beneficiaries and contracting providers, and to make available reasons for denials of benefits.

Enforcement

- The bill makes conforming amendments to an Internal Revenue Code provision that imposes a tax of \$100 per day per beneficiary on employers who do not comply with the equity requirements of this bill.

Government Accountability Office Reports

The bill requires GAO to produce three reports:

- A study of the bill's impact on such things as health care costs, access to coverage, quality of care, government spending on mental health and addiction treatment and other public services, and use of medical management by plans.
- A biannual assessment of obstacles beneficiaries face in obtaining appropriate care under their health plans.
- A study of the availability and use of uniform patient placement criteria that can help guide health plans' determinations of medical necessity.

Effective Date

- The equity requirements of the bill will be effective in the first plan year that begins on or after January 1, 2008.