

MENTAL HEALTH PARITY AND ADDICTION EQUITY ACT OF 2008 (MHPAEA)

Frequently Asked Questions

IMPORTANT NOTE

This FAQ document regarding the Mental Health Parity and Addiction Equity Act of 2008 (MHPAEA) is for informational purposes only.

We look forward to providing our affected groups with health plan benefit structures that contain mental health and substance use disorder benefits that are at parity with the health plan's medical benefits, as is required by this new law. However, please note that we are unable to provide legal, tax or legislative implementation advice regarding the MHPAEA, and recommend that groups consult their professional legal, tax and legislative implementation advisors in evaluating the requirements of the MHPAEA and its impact to group health plans.

The MHPAEA requires the federal government to create regulations regarding this new law. Health Net expects that the government will publish proposed regulations or guidance shortly after the New Year (2010). These forthcoming regulations and guidance may affect group health plan benefit designs, and may have additional administrative and financial impacts. Health Net is committed to working with all of our groups toward MHPAEA compliance.

1. WHAT IS THE MENTAL HEALTH PARITY AND ADDICTION EQUITY ACT OF 2008 (MHPAEA)

THE LEGISLATION

The Paul Wellstone-Pete Domenici Mental Health Parity and Addiction Equity Act of 2008, included in the Emergency Economic Stabilization Act of 2008 (H.R. 1424), was signed into law on October 3, 2008 and goes into effect October 3, 2009. **The MHPAEA requires that plan mental health and substance use disorder benefit terms and conditions, including but not limited to: financial limitations (e.g., copayments, coinsurance, deductibles, out-of-pocket maximums), and treatment limitations (e.g., number and frequency of visits, days of coverage), must be at parity with – equal to or better than – plan medical and surgical benefit terms and conditions.**

As you also know, the MHPAEA has a “Small Employer Exemption,” which means that certain “small employers” are not required to comply with this law.

According to the MHPAEA, the term small employer means:

“With respect to a calendar year and a plan year, an employer who employed an average of at least 2 (or 1 in the case of an employer residing in a State that permits small groups to include a single individual) but not more than 50 employees on business days during the preceding calendar year.”

The policy you have with Health Net is a small group policy under California law, but you may not be considered a “small employer” under the MHPAEA. If you are not considered a “small employer” under this law, you may be required to purchase the parity coverage to bring your policy into compliance. This is because the MHPAEA's definition of a small employer differs from California's definition of a small group.

Please review the federal small employer definition above and determine whether or not you are considered a “small employer” under the MHPAEA. We are unable to provide legal advice regarding this law and recommend that you consult appropriate advisors in evaluating the requirements of the federal law and its impact on your business. If you do not meet the MHPAEA’s definition of a “small employer,” and are not otherwise eligible for an exemption from the law, please contact your Health Net Sales Representative so that Health Net can work with you towards compliance.

The Mental Health Parity and Addiction Equity Act **does not**:

- Mandate the offering of mental health or substance use disorder (substance abuse) benefits.
- Apply to self-insured and fully-insured group plans that cover less than 51 total employees.

Note: California’s Mental Health Parity Act (AB 88) mandated commercial benefit program benefits for severe mental illness to be at parity with the medical benefits. Therefore, MHPAEA implementation will focus on bringing to parity, non-severe mental health and substance abuse benefits.

2. ARE SMALL BUSINESS GROUPS IMPACTED BY MHPAEA?

Small Business Groups may be impacted by MHPAEA depending on their group size. California state law defines a small group as 2-50 enrollees who meet eligibility requirements. Eligible employees do not include part-time employees.

However, under the MHPAEA, you are only considered a “small employer” (and therefore exempt from compliance) if you employ 2-50 (or 1 in the case of an employer residing in a State that permits small groups to include a single individual) employees on business days during the preceding calendar year, regardless of local eligibility.

Those Small Business Groups who have 2-50 enrollees, but who employ 51 or more total employees in the preceding calendar year, will be impacted by this new law.

It is important to note that only Small Business Groups with 51 or more total employees will be offered MHPAEA-compliant plans.

3. WHEN DO AFFECTED GROUP HEALTH PLANS HAVE TO BE COMPLIANT WITH THE MHPAEA?

New or renewing Small Business Groups will have to be compliant as of November 1, 2009.

4. HOW IS HEALTH NET ASSISTING GROUPS TO COMPLY WITH THE MHPAEA REQUIREMENT?

For affected Small Business Groups (new and renewing), Health Net will be offering these new MHPAEA-compliant benefits. Impacted renewing Groups will move to compliant plans upon their renewal, beginning November 1, 2009.

In the interim, Health Net will be asking its group health plans to use the *Small Business Group Mental Health Parity & Addiction Equity Act Employer Acknowledgement Form* to enroll in an MHPAEA-compliant plan(s). By signing the Acknowledgement Form, groups agree to add this coverage to their plan benefits retroactive to their effective date at the premium stated.

Renewing Small Business Groups with 51 or more employees but less than 50 enrolled will need to contact Health Net, so that we may work with the group to help them transition over to an MHPAEA-compliant plan.

5. DO YOU HAVE AN ESTIMATED PLAN PRICING IMPACT FOR MHPAEA COMPLIANCE?

Yes, Health Net estimates that groups may experience a pricing increase of about 1.0%. However, please keep in mind that this is only an estimate and that detailed pricing will be provided to groups on a case-by-case basis.

6. WHAT EFFECT WILL MHPAEA HAVE ON PLAN BENEFITS?

The MHPAEA-compliant plans will offer the same coverage level for both Severe and Non-Severe Mental Health benefits. Both these benefits will be considered part of the standard medical benefit offering for all plans.

Here is an example of how existing benefits will be changed to be compliant with MHPAEA. This is only an example.

VALUE HMO 20 BENEFIT DESCRIPTION	MEDICAL BENEFIT	NON-SEVERE MENTAL HEALTH/SUBSTANCE ABUSE BENEFIT	REQUIRED CHANGE UNDER PARITY
Inpatient coinsurance	20%	20% (30 days/year)	Mental health benefit changed to 20% without day limitation
Outpatient visit limit	None	20 visits	Removed 20-visit limit for mental health benefit
Inpatient visit limit	None	30 days	Removed 30-day limit for mental health benefit

7. WILL MHPAEA COMPLIANCE RESULT IN THE MENTAL HEALTH/SUBSTANCE ABUSE EXPENSES NOW APPLYING TO THE MEMBER’S OUT-OF-POCKET MAXIMUM (OOPM)?

Yes, all Mental Health/Substance Abuse expenses will apply toward the OOPM.

However, for HMO products or products with an HMO tier (EOA, POS, etc.), it is still the responsibility of the member to track out-of-pocket expenses themselves and to contact Health Net once the OOPM has been met.

For PPO-based products (including tier 2 of an EOA or Elect plan and tiers 2/3 of a POS plan), the out-of-pocket expenses will automatically be calculated.

8. WILL GROUPS RECEIVE REVISED EOC/COIS THAT REFERENCE THE NEW MHPAEA-COMPLIANT BENEFITS?

Yes, new EOC/COIs will be issued upon a group’s renewal and will reflect the new MHPAEA-compliant benefit structure.

9. WILL MHPAEA IMPLEMENTATION EFFORTS RESULT IN THE ISSUANCE OF NEW ID CARDS FOR MEMBERS?

Yes, all members will receive a new ID card upon renewal.

10. WHERE CAN A GROUP FIND ADDITIONAL INFORMATION ABOUT THE MHPAEA?

As was mentioned earlier, the MHPAEA requires the federal government to create regulations regarding this new law. Health Net expects that the government will publish proposed regulations or guidance after the New Year (2010). These forthcoming regulations or guidance will provide all of us with additional guidance and information regarding the MHPAEA. In addition, you can access the Federal Register (Vol.74, No. 80, 19155-19158 (April 28, 2009)) to learn more about the status of these forthcoming regulation and to learn how to access comments or questions regarding the MHPAEA that have been submitted by interested stakeholders.