Mental Health Parity: Insurance Coverage and Utilization

In 1999, the Connecticut General Assembly passed P.A. 99-284 requiring that all group and individual health insurance policies offered or renewed on or after January 1, 2000, must provide benefits for the diagnosis and treatment of mental or nervous conditions. The coverage must place no greater financial burden on the individual for access to diagnosis and treatment of mental conditions than for diagnosis and treatment of physical conditions under the same policy. The benefits are required for mental conditions defined in the most recent edition of the American Psychiatric Association's ***Diagnostic and Statistical Manual of Mental Disorders.*** Statutorily, several conditions – including learning disorders, motor skills disorders, and communication disorders -- are exempt from coverage. Substance abuse diagnosis and treatment is a covered condition.

As of December 2004, there were 26 companies writing group and individual health insurance policies in Connecticut, covering approximately 1.3 million persons.

Area of Focus

The study will examine both the coverage and utilization aspects of mental health parity since the law became effective (Jan. 1, 2000). It will examine how insurance companies are complying with the law through all coverage aspects – policies, premiums, utilization review decisions, and payments made.

Areas of Analysis

1. Examine health insurance policies offered or renewed after January 1, 2000, to evaluate whether policy provisions exist that differentiate benefit coverage for mental versus physical conditions.
2. Examine the policy costs per covered member before the mental health parity law and after.
3. Evaluate how utilization review procedures are applied by managed care and utilization review companies for mental conditions versus physical conditions – before P.A. 99-284 and after.
4. Evaluate how well the insurance department oversees compliance with the law.
5. Analyze pre-certification requests by codes to assess the frequency of denials/approvals by condition categories before P.A. 99-284 and after.
6. Assess the number of complaints received at the various levels of the appeals process (from the health insurer to the external appeals at the insurance department) both prior to the mental health parity law and after.
7. Examine claims costs, in the aggregate and per-covered member, for mental conditions compared with physical conditions pre P.A. 99-284 and after.

Study Limitations

The state law regarding mental health parity applies only to health insurers regulated by the Insurance Department. State law regarding health insurance mandates does not apply to self-

insured employers (federal ERISA exemption); neither do the state mandates apply to Medicare. Self-insured (ERISA-exempt) employers cover an estimated 30-50 percent of persons with health insurance. Similarly, the state mental health parity requirement does not apply to a large percentage of the population covered by Medicare and Medicaid (although both programs have strict mental health coverage requirements). Thus, any evaluation of mental health parity would be limited to the impact on the population with insurance that must follow state mandates.