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DEPARTMENT OF INSURANCE

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BULLETIN NO. 00-1

DATE: January 31, 2000

TO: ALL IDAHO DISABILITY/HEALTH INSURANCE CARRIERS

FROM: MARY L. HARTUNG
Director

SUBJECT: MENTAL HEALTH PARITY ACT OF 1996

This Bulletin is issued to remind companies authorized to offer disability/health insurance in Idaho that all health benefit plans issued for use in this state must conform to the requirements of federal Mental Health Parity Act of 1996 ("MHPA"). The MHPA does not require that health benefit plans include mental health benefits, but imposes minimum requirements on plans that do offer mental health benefits. The MHPA is designed to provide for parity in dollar limits for mental health benefits and medical/surgical benefits. MHPA provisions do not apply to benefits for substance abuse or chemical dependency. The Act exempts employers with fewer than fifty-one (51) employees from its requirements.

REQUIREMENTS:

1. If a group policy does not have an annual and/or lifetime limit on medical, surgical or hospital expense benefits, it cannot impose such limits on mental health coverage.
2. If the group has an annual and/or lifetime dollar limit on medical, surgical or hospital expense benefits, it must have the same annual and/or lifetime dollar limits on mental health services.

EXCEPTIONS: There are two (2) exceptions to the parity requirements under the MHPA. First, the provisions do not apply to small employer plans with fewer than fifty-one (51) employees. Second, any group health plan that incurs a cost increase of one percent (1%) or more due to the application of the MHPA's requirements may claim an exemption from requirements of the Act. The cost increase must be based on actual claims data, not on an increase in insurance premiums.

(Over)

In order to qualify for the increased cost exemption, the provisions of the of the MHPA must be implemented for at least six (6) months and the calculation of the one percent (1%) cost exemption must be based on at least six (6) months of actual claims data with parity in place. In addition;

- Plans claiming the increased cost exemption must notify the Department of Insurance, the appropriate Federal agency, and all plan participants and beneficiaries at least thirty (30) days before the exemption becomes effective.
- A formula is provided for plans to calculate the increased cost of complying with the MHPA.
- A summary of the aggregate data and the computation supporting the increased cost exemption must be available to plan participants and beneficiaries free of charge upon written request.
- Once a plan qualifies for the one percent (1%) increased cost exemption, it does not have to comply with the parity requirements for the life of the MHPA provisions, which sunset on September 30, 2001.

EFFECTIVE DATE: The provisions of the Mental Health Parity Act affected both new policy issues and renewals on and after January 1, 1998. All carriers offering health benefit plans which include mental health benefits must comply with the Federal provisions identified in this Bulletin.

Please contact Joan Krosch, Health Insurance Coordinator, (208) 334-4300 at the Idaho Department of Insurance if you have any questions.