

COMPLIANCE OVERVIEW

Mental Health Parity and Addiction Equity Act (MHPAEA)

The Mental Health Parity and Addiction Equity Act of 2008 (MHPAEA) is a federal law that generally prevents group health plans and health insurance issuers that provide mental health and substance use disorder (MH/SUD) benefits from imposing less favorable benefit limitations on those benefits than on medical and surgical coverage.

Under MHPAEA, the **financial requirements** (such as copays and deductibles) and **treatment limitations** (such as visit limits) applicable to MH/SUD benefits cannot be more restrictive than the predominant requirements or limitations applied to substantially all medical and surgical benefits. In addition, MHPAEA requires group health plans and issuers to **disclose certain information** to plan participants regarding the plan's coverage of MH/SUD benefits.

MHPAEA's parity requirements apply to group health plans sponsored by employers with more than 50 employees. However, due to an Affordable Care Act (ACA) reform, insured health plans in the small group market must also comply with federal parity requirements for MH/SUD benefits.

LINKS AND RESOURCES

- [Final rule](#) on MHPAEA
- Department of Labor (DOL) [webpage](#) on MHPAEA compliance, including links to frequently asked questions (FAQs)
- DOL's [Fact Sheet](#) on MHPAEA

Parity Requirements

- The financial requirements applicable to MH/SUD benefits can be no more restrictive than the predominant financial requirements applied to substantially all medical and surgical benefits.
- A plan's treatment limits for MH/SUD benefits must also comply with MHPAEA's parity requirements.

Enforcement

- The DOL and IRS enforce MHPAEA's parity requirements for employer-sponsored group health plans.
- When the DOL audits an ERISA-covered health plan, it will often investigate the plan's compliance with MHPAEA.
- Employers that violate MHPAEA may be subject to an IRS excise tax.

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Background

MHPAEA was enacted on Oct. 3, 2008, to strengthen federal mental health parity requirements for health coverage. MHPAEA supplemented the Mental Health Parity Act of 1996 (MHPA), which required parity with respect to aggregate lifetime and annual dollar limits for mental health benefits. MHPAEA also extended the parity requirements to substance use disorder benefits. MHPAEA became effective for plan years beginning after Oct. 3, 2009.

On Nov. 13, 2013, the Departments of Labor, Health and Human Services and the Treasury jointly issued a [final rule](#) implementing MHPAEA. The final rule applies for plan years beginning on or after July 1, 2014.

Under MHPAEA, the financial requirements and treatment limits that group health plans and health insurance issuers apply to MH/SUD benefits generally cannot be more restrictive than those applicable to medical and surgical benefits.

Affected Health Plans

MHPAEA generally applies to plans sponsored by employers with more than **50 employees**, including self-insured plans and fully insured arrangements. MHPAEA does not require large group health plans and their health insurance issuers to cover MH/SUD benefits. MHPAEA's requirements apply only to large group health plans and their health insurance issuers that choose to include MH/SUD benefits in their benefit packages. However, other state and federal laws may require a plan to provide these benefits.

The ACA builds on MHPAEA and requires some plans to cover MH/SUD services as an essential health benefit. Specifically, non-grandfathered health plans in the individual and small group markets are required to provide essential health benefits (which include MH/SUD services), as well as comply with the federal parity law requirements, beginning in 2014.

Parity Requirements

MHPAEA contains the following parity requirements:

- The **financial requirements** (such as deductibles, copayments, coinsurance and out-of-pocket limits) applicable to MH/SUD benefits cannot be more restrictive than the predominant financial requirements applied to substantially all medical and surgical benefits.
- **Treatment limitations** (such as frequency of treatment, number of visits, days of coverage or other similar limits on the scope or duration of coverage) must also comply with the MHPAEA's parity requirements.

In addition, MHPAEA imposes parity requirements on the nonquantitative treatment limitations (NQTLs) that plans may place on MH/SUD benefits. NQTLs include, for example, medical management standards, formulary designs for prescription drugs, plan methods for determining usual, customary and reasonable charges, exclusions based on a failure to complete a course of treatment and restrictions based on facility type or provider specialty.

Disclosure Requirements

MHPAEA requires plans to make certain information available with respect to MH/SUD benefits, such as the criteria for medical necessity determinations and the reason for any denial of reimbursement or payment for MH/SUD services. In addition, group health plans that are subject to ERISA are required to provide participants, upon request, with information about the processes, strategies, evidentiary standards, and other factors used to apply a NQTL with respect to medical/surgical benefits and MH/SUD benefits under the plan. To avoid possible penalties, employers should respond to these information requests within 30 days.

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Model Form—The DOL and other federal agencies have released a [model disclosure form](#) that participants may use to request information from their health plan or issuer regarding NQTLs that may affect their MH/SUD benefits, or to obtain documentation after an adverse benefit determination involving MH/SUD benefits to support a claim appeal.

Enforcement

MHPAEA's provisions are included under ERISA. The DOL and the Internal Revenue Service (IRS) generally have enforcement authority over private sector employment-based plans that are subject to ERISA.

While ERISA does not contain a specific penalty for violations of MHPAEA, plan participants and beneficiaries and the DOL may use ERISA's civil enforcement provisions to enforce MHPAEA. Also, when the DOL audits an ERISA-covered health plan, it will often investigate the plan's compliance with federal mental health parity requirements. Vigorous enforcement of MHPAEA has been one of the DOL's top enforcement priorities. When the DOL identifies MHPAEA violations in a specific group health plan, it asks the plan to make necessary changes to any noncompliant plan provision and to re-adjudicate any improperly denied benefit claims.

In addition, employers that violate MHPAEA may be subject to an IRS excise tax. Generally, an excise tax of **\$100 per individual, per day** will apply to MHPAEA violations, unless an exception applies. Any applicable excise taxes must be reported on [IRS Form 8928](#), "Return of Certain Excise Taxes under Chapter 43 of the Internal Revenue Code."