

A communication periodical for our clients, staff & the community at large

The Chronicle

A Paterson Counseling Center Newsletter

Health Care & The White House

The first year of Barack Obama's presidency was largely defined by the quest for health care reform. While opponents railed against the alleged government takeover of insurance, those in favor of reform worried that each proposal did not go far enough. On March 23, 2010, H.R. 3590: the Patient Protection and Affordable Care Act, became the law of the land. For a look at the Act from a personal perspective, see "Understanding the Obama Health Care Plan: Beyond the Hype and Spin."

Special points of interest:

- Wishing our clients and employees a happy holidays
- Start working on those New Year resolutions

What About Mental Health Care?

What was largely lost in the raging debate, though, is the concept of mental health parity. A massive reform in mental health parity laws was attached to the 2008 financial bailout, and the new law guarantees parity as part of the "essential health benefits" that all plans must provide. But what exactly is mental health parity, and how does it affect your current care?

Mental Health Parity Explained

Simply speaking, mental health parity states that psychological conditions must be treated equivalently to physical illnesses. Traditionally, many, if not most, private insurance companies have radically limited mental health benefits. A common practice has been to limit the insured to three or six therapist visits per year. Other insurance companies have assigned separate deductibles to mental health treatment, reimbursed a smaller percentage of total treatment costs, or assigned higher co-pays for mental health care. Some insurers simply refused to cover mental illnesses at all.

Under true mental health parity laws, phobias and other psychological conditions must be treated exactly the same as broken arms or other physical ailments. Your out-of-pocket costs cannot be higher, separate deductibles will not apply, and your right to treatment cannot be limited.

Current Legislation

The Mental Health Parity and Addiction Equity Act of 2008 was a major victory for Obama (who was a Senator at the time) and supporters everywhere of fair mental health coverage. Attached to the federal bailout bill, the Act passed with very little fanfare. Indeed, it was barely discussed,

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overshadowed by the massive economic stimulus to which it was attached.

The Act, which officially went into effect on January 1, 2010, requires group health plans that cover 50 or more employees and offer both medical and mental health benefits to ensure that the mental health and substance abuse benefits are no more restrictive than the medical and surgical benefits. That's kind of a mouthful, so let's break it down.

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Group health plans that cover 50 or more employees -- Small employers, defined as those who employ at least two but no more than 50 employees are exempt.

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Who offer both medical and mental health benefits -- There is no requirement under the Act for a group health plan to provide mental health or substance abuse benefits at all. If you are not receiving benefits, then the parity law does not apply.

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No more restrictive than medical and surgical benefits -- If your health insurance plan offers mental health and substance abuse coverage, then it must be provided at an equivalent level to your medical and surgical benefits. Deductibles, co-pays, and all other out-of-pocket expenses must be equitable to what you pay for medical treatment. In addition, restrictions on number of visits, frequency of treatments, and all other services provided must be comparable.

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There are also certain exemptions for which a particular health plan may qualify. If your insurer participates in the Act for six months, and then determines that the cost is too high, a cost exemption may be granted. Note that an exemption must be based on a report prepared by a certified actuary and approved by the appropriate state and federal authorities. Nonetheless, this is small comfort if it is your plan that is exempted from parity requirements.

Expansion of Mental Health Parity Under H.R. 3590

H.R. 3590, the Patient Protection and Affordable Care Act, was signed into law on March 23, 2010. Under Section 1302 (b) of the Act, mental health coverage is considered an "essential health benefit." Insurance companies are required to provide coverage, and that coverage must be equal to coverage provided for any other medical condition. Mental health benefits, along with maternity benefits and other provisions that once required payment of additional expenses, are now a mandatory part of basic care. Additionally, certain psychotropic medications are required to be covered under insurance company formularies.

The new law does not take effect until 2014. In the meantime, the above-detailed Mental Health Parity and Addiction Equity Act of 2008 will apply. In addition, a new "high risk" pool will take effect at the end of June 2010, allowing you to purchase health insurance despite pre-existing physical or mental conditions.

Do you currently have mental health care coverage? Have you seen a benefit from the mental health parity laws that took effect in January 2010? Use the link below to sound off at Readers Respond: Current Mental Health Insurance Woes.