

LEGAL ACTION CENTER

NOW FEDERAL LAW: THE PAUL WELLSTONE AND PETE DOMENICI MENTAL HEALTH PARITY AND ADDICTION EQUITY ACT OF 2008

On October 3rd, 2008, following approval by both the U.S. House and Senate, President Bush signed into law the “Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act of 2008.” This new law, Public Law 110-343, will require group health plans that currently offer coverage for drug and alcohol addiction and mental illness to provide those benefits in the same way as all other medical and surgical procedures covered by the plan; therefore co-pays, deductibles and annual and lifetime caps on addiction and mental health treatment benefits will be required to be the same as those on medical and surgical benefits.

Passage of the “Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act of 2008” will:

- Improve access to lifesaving drug and alcohol addiction treatment services. Of the 23.2 million Americans with alcohol or drug problems in 2007, only 2.4 million—roughly one in ten—received treatment at a specialty treatment facility, leaving 20.8 million untreated. Over thirty percent of the people who needed treatment but didn’t receive it cited lack of health insurance coverage or other cost factors as a major reason for not receiving care.
- Eliminate a clearly discriminatory policy that has kept thousands of individuals with untreated addiction from receiving critically important treatment services. Providing parity will help to eliminate stigma for alcohol and drug addiction, by treating addiction similarly to other chronic health conditions like diabetes, asthma, and hypertension.
- Ease costs for the public system. According to SAMHSA’s recent National Expenditure Report, public funding provides the vast majority of drug addiction treatment expenditures, increasing from 62 percent in 1991 to 76 percent in 2001. Private insurance represented only 13 percent of addiction treatment expenditures in 2001, while it covered 36 percent of all health care expenditures.

Specifically, Public Law 110-343 will:

- Apply to over 100 million people who are enrolled in employer-funded and state-regulated plans, and to those who are covered by managed-care Medicaid programs
- Protect State laws that provide greater protection than the federal law

- Extend out-of-network coverage for substance use disorders and mental illness where there is out-of-network coverage for medical and surgical conditions
- Require that medical necessity criteria and reasons for any denials of reimbursement be available to participants and beneficiaries upon request
- Continue to allow plans to manage the benefits provided, and to determine both medical necessity criteria and the scope of coverage; although a prior version of the legislation would have required that all conditions and disorders in the Diagnostic Statistical Manual of Mental Disorders (DSM-IV) be covered, this requirement was not included in Public Law 110-343.
- Exempt:
 - Small employers who have less than 50 employees
 - Plans whose costs increase more than two percent in the first year and one percent after that; plans who meet the cost exemption criteria and drop coverage are required to inform plan participants of the change in benefits
- Become effective beginning in the first plan coverage year that is one year after the date of enactment; for most plans, the effective date will be January 1, 2010

The full text of Public Law 110-343 can be found at: <http://thomas.loc.gov>; the “Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act of 2008” can be found beginning in Section 511 of Public Law 110-343.

Please contact the Legal Action Center (202-544-5478) with any questions.