Division of Insurance

# Mental Health Parity Information

| FEDERAL | COLORADO |
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| 1. **Federal Mental Health Parity Act:** Applies to self-funded and fully insured large group (51+) plans.<br><br>• In the case of a self-funded plan, the employer assumes all liability for the eligible claims and designs the benefit plan.<br><br>• In the case of a fully insured plan, an insurance company assumes the liability for all eligible claims incurred by eligible employee participants.<br><br>2. **Federal Mental Health Parity Act:** Signed into law on September 26, 1996. It provides for parity in the application of aggregate lifetime and annual dollar limits on mental health benefits with dollar limits on medical/surgical benefits.<br><br>3. **Federal Act Provisions:** Subject to concurrent jurisdiction by the Departments of Labor, Treasury, and Health and Human Services.<br><br>• Applies to large group health plans for plan years beginning on or after January 1, 1998 but no later than March 31, 1998.<br><br>• Applies only to plans offering mental health benefits. Health plans are not required to include mental health in their benefits package.<br><br>• Provisions do not apply to benefits for substance abuse or chemical dependency.<br><br>4. **Effect on Benefits:**<br><br>• No longer allowed to set annual or lifetime dollar limits on mental health that are lower than any such dollar limits on medical and surgical benefits.<br><br>• Plans can impose other restrictions (such as cost-sharing and limits on the number of visits or days of coverage) for the amount, duration and scope of mental health benefits.<br><br>5. **Exceptions to Parity Requirements:**<br><br>• Law does not apply to small employers who have fewer than 51 employees.<br><br>• Any group health plan whose costs increase one (1) percent or more due to the application of federal act's requirements may claim an exemption from the federal parity requirements | 1. **Colorado Mental Health Parity Law:** Applies to small and large group fully insured plans. An insurance company assumes the liability for all eligible claims incurred by eligible employee participants.<br><br>2. **Colorado Mental Health Parity Law:** Signed into law on April 1, 1997. It provides for parity for biologically based mental illnesses.<br><br>• Applies to all group health benefit plans.<br><br>• Took effect January 1, 1998 for group health policies, plans or contracts issued or renewed on or after said date.<br><br>• Mandates coverage for treatment of biologically based mental illnesses that is no less extensive than the coverage provided for any other physical illness.<br><br>3. **Biologically- Based Mental Illness Means:**<br><br>• Schizophrenia<br>• Schizoaffective Disorder<br>• Bipolar Affective Disorder<br>• Major Depressive Disorder<br>• Specific Obsessive-Compulsive Disorder<br>• Panic Disorder<br><br>4. **Colorado Law Concerning All Other Mental Illnesses:** Applies to all group policies or contracts providing hospitalization or medical benefits.<br><br>a) **Inpatient Mandated Benefits (Twelve- Month Period):**<br><br>• **Inpatient Hospitalization:** 45 days inpatient care minimum.<br><br>• **Parity Inpatient Hospitalization:** 90 days for partial hospitalization minimum (each 2 days of partial hospitalization care shall reduce by one day the 45 days available for inpatient care).<br><br>b) **Outpatient Mandated Benefits:** Not less than $1,000 or 20 visits in any one twelve-month-benefit period.<br><br>c) **Co-payment Requirements:** Carrier may establish a copayment requirement for mental illness, which may or may not differ from the copayment requirement established for any other condition or illness; except that copayment requirements for mental illness shall not exceed a 50 percent copayment requirement.<br><br>d) **Deductible Requirements:** Carrier may establish a deductible amount for mental illness; but such deductible amount shall not differ from the deductible amount for any other condition or illness. |
| FOR INFORMATION ON THE "FEDERAL PARITY LAW", CONTACT THE REGIONAL OFFICE OF THE U.S. DEPARTMENT OF LABOR, KANSAS CITY, MO AT (816) 426-5131 | FOR INFORMATION ON "COLORADO PARITY LAW" AND MENTAL HEALTH BENEFITS, CONTACT THE COLORADO DIVISION OF INSURANCE AT 800-930-3745 (Toll-free number) OR (303) 894-7490. |

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Consumer Protection

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