



## Parity FAQs *for Individuals and Families*

### *What does insurance “parity” mean?*

In its truest sense, “parity” refers to fair and equal coverage of mental health and substance use disorders. However, the term “parity” is used to describe laws that vary widely, with most still permitting unequal coverage of mental illness.<sup>1</sup>

In states with comprehensive parity laws, plans subject to state law must provide coverage for a broad range of mental health and substance use disorders in a manner that is equitable with coverage for other health conditions.

### *Why is the new federal parity law important?*

About half of all covered Americans are enrolled in large self-insured health insurance plans that are subject to federal, not state, law. The new federal parity law does not require plans to offer coverage for mental health or substance use disorders, but *if* these conditions are covered, the new law requires coverage that is equitable with coverage for other health conditions.<sup>2</sup>

### *How do I know if my plan is covered by a parity law?*

This should be a simple question, but it isn’t. Whether or not your plan is covered by a state or federal parity law depends on the kind of health plan you are enrolled in and even its size. *If you are unsure about what type of plan you have, ask your insurance carrier or agent, your plan administrator, or your human resources department.*

Type of Plan	Subject to State Parity	Subject to Federal Parity	Comments
<b>Individual Health Plan</b>	Perhaps	No	Individual plans are not subject to federal law, but <i>may</i> be subject to a state parity law. Review "Affected Policies" for your state in <i>State Mental Health Parity Laws</i> at <a href="http://www.nami.org/parity">www.nami.org/parity</a> . If individual plans are not listed, then your plan is <i>not</i> covered by a parity law.
<b>State-Regulated Group Health Plan (50 or fewer employees)</b>	Perhaps	No	State-regulated plans for 50 or fewer employees are not covered by federal parity, but <i>may</i> be subject to a state parity law. A group plan is typically subject to the laws of the state in which the association or company’s headquarters is based. Review information under the appropriate state (e.g. company headquarters) in <i>State Mental Health Parity Laws</i> at <a href="http://www.nami.org/parity">www.nami.org/parity</a> .

<sup>1</sup> For information about state parity laws, see *State Mental Health Parity Laws* at [www.nami.org/parity](http://www.nami.org/parity).

<sup>2</sup> This law is effective when plan years renew after October 3, 2009. For more information, see *Federal Parity for Mental Illness and Addictions* at [www.nami.org/parity](http://www.nami.org/parity).

Type of Plan	Subject to State Parity	Subject to Federal Parity	Comments
<b>State-Regulated Group Health Plan</b> (51 or more employees)	Perhaps	<b>Yes</b>	State-regulated plans for 51 or more employees must comply with the federal parity law <i>and</i> "stronger" state requirements, if any. For example, if state law governing your plan <i>requires</i> plans to cover mental health conditions, then they must do so, even though coverage is optional under federal parity. Review information under the appropriate state (e.g. company headquarters) in <i>State Mental Health Parity Laws</i> at <a href="http://www.nami.org/parity">www.nami.org/parity</a> .
<b>Self-Insured Group Health Plan</b> (50 or fewer employees)	No	No	Self-insured plans for 50 or fewer employees are not covered by federal parity (but are subject to other federal requirements) and are not covered by state law.
<b>Self-Insured Group Health Plan</b> (51 or more employees)	No	<b>Yes</b>	Self-insured plans for 51 or more employees must comply with the federal parity law, but are not covered by state law.
<b>S-CHIP</b> (State Children's Health Insurance Program)	No	<b>Yes</b> (Private sector plans)	S-CHIP is a shared federal/state program. Like Medicaid, S-CHIP plans vary by state and even by plan options within a state. S-CHIP plans may be public plans—or they may be private sector health plans. For details, contact your state Medicaid agency. Private-sector S-CHIP plans are subject to federal parity requirements.
<b>Medicare</b>	No	No	Medicare is a federal health plan that does not currently provide parity coverage for mental health and substance use conditions. Medicare's current 50% cost-sharing requirement for outpatient mental health services will lower to 20% by 2014.
<b>Medicaid</b>	Perhaps	<b>Yes</b> (Managed care plans)	Medicaid is a shared federal/state program. While an array of mental health services is available in many Medicaid plans, services vary by state and even by plan within a state. For details, contact your state mental health or Medicaid agency. The new federal parity law requires equivalent coverage in Medicaid <i>managed care</i> plans, but not in fee-for-service plans.

### ***Does parity mean I'll have good mental health coverage?***

One of the most common misperceptions is that parity will get you good mental health coverage. Comprehensive parity requires *equivalent* coverage, not necessarily "good" coverage. If your health insurance plan is very limited, then your mental health coverage will be similarly limited, even in a state with a strong parity law or in a plan that is subject to federal parity.

### ***Does parity require equivalent coverage for treatment of my diagnosis?***

Not necessarily. Many states exclude certain mental health and/or substance use conditions from their parity law or restrict their parity law to a state-defined list of "serious mental illnesses" or "biologically-based mental illnesses." To find out what conditions your state law covers, see *State Mental Health*

*Parity Laws* at [www.nami.org/parity](http://www.nami.org/parity). If your large group plan is subject to federal parity, the law allows the plan to define which mental health and substance use conditions it will cover, if any.

In some cases, a diagnosis may not be covered for a period of time (maximum of twelve months, but may be shorter in some states) by a health plan if it is considered a pre-existing condition for a new enrollee.

### ***My treatment for mental illness was denied as “not medically necessary.” Is that allowed under parity?***

Under parity, plans are typically permitted to cover only “medically necessary” care. If your treatment is denied and you disagree, you should contact your plan’s customer relations division right away. You may file a written formal appeal (ask your plan for details) if your informal attempts are not successful.

All but five states (ID, NE, ND, SD, and WY) also have some type of external review process available if you’ve completed your plan’s internal appeals process and are not satisfied. For help, contact your state insurance division. If you are in a self-insured plan or government plan (e.g. Medicare or Medicaid), you will have to follow different appeals processes (contact the plan for details).

Two good resources for disputes:

*Appealing Health Insurance Denials* at

<http://insurance.lawyers.com/Appealing-Health-Insurance-Denials.html>

Kaiser Family Foundation’s *A Consumer Guide to Handling Disputes*

<http://www.kff.org/consumerguide/7350.cfm>.

### ***I don’t think my plan is complying with parity requirements. Where can I get help?***

If you think your plan is out of compliance with parity requirements, contact the Department of Insurance in the state that regulates your plan to file a complaint.<sup>3</sup> If you are in a plan that is subject to federal parity law, you can contact the U.S. Secretary of Labor’s office to file a complaint.

For helpful state contacts for various types of plans, view the consumer guide for your state at <http://www.healthinsuranceinfo.net/> and click on “For More Information.”

### ***The parity law in my state isn’t working the way I thought it would. What can I do?***

If your parity law isn’t helping people the way you expected, you can advocate for better regulations, enforcement, or legislation to strengthen your laws. For example, if your state’s parity law is quite limited, you may advocate for a more comprehensive law. The following states have some of the more comprehensive parity laws in our country: Connecticut, Minnesota, and Vermont.

Your state parity law may also not be working as intended because various patient protections need to be strengthened. If there are not enough providers available on a plan, for example, you may advocate with your Insurance Division for regulations or better enforcement—or you may wish to advocate for legislation regarding adequacy of network provider panels.

For information on patient protections, see *When Parity Isn’t Enough* at [www.nami.org/parity](http://www.nami.org/parity).

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<sup>3</sup> If your company or association headquarters are in another state, check the parity law in that state at [www.nami.org/parity](http://www.nami.org/parity).