

### Mental health parity laws by state

By Insure.com

The Mental Health Parity Act of 1996 mandates that employers that employ more than 50 workers and offer group health insurance must also offer coverage for mental illness equal to the lifetime and annual caps set for physical ailments. The law is a first step in eliminating discrimination against the mentally ill. But the law, which took effect Jan. 1, 1998, isn't the final answer to the problem of unequal coverage, mostly because of its many loopholes.

Insurers may still charge higher co-payments and deductibles and have lower treatment limits for mental health benefits. The federal law covers only lifetime and annual limits. The number of inpatient days and outpatient treatments don't have to equal coverage for physical medical needs. In addition, federal legislation does not cover substance abuse or chemical dependency. Plus, there is an exemption available if an employer believes that providing mental health parity will push its insurance costs up more than 1 percent.

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Without parity, the difference between coverage for physical and mental illness is striking. While the typical lifetime cap for mental health treatment is about \$500,000 and the annual limit runs about \$5,000, insurers routinely provide a \$1 million lifetime cap for physical illnesses with no annual limit.

The Mental Health Parity Act applies to self-insured health plans exempt from state laws under the Employee Retirement Income Security Act (ERISA), as well as fully insured state-regulated group health plans. However, it applies only to those policies that offer mental health benefits in the first place. The law doesn't force group health plans to offer mental health coverage if they don't already do so.

Many states have enacted legislation that goes above and beyond the federal Mental Health Parity Act (*see below*).

#### State-By-State Description of Mental Health Parity Laws

State	Year Enacted	Provisions of Law	Effective Date
Alabama	2000	Requires group health plans to offer benefits for the treatment and diagnosis of mental illnesses under terms and conditions that are no less extensive than the benefits provided for medical treatment for other physical illnesses. The law defines mental illness as including schizophrenia, schizoaffective disorder, bipolar disorder, panic disorder, obsessive-compulsive disorder, major depressive disorder, anxiety disorders, mood disorders, and any condition or disorder involving mental illness, excluding alcohol and substance abuse, that falls under mental disorders listed in the International Classification of Diseases. The law does not apply to group health plans covering employers with 50 or fewer employees.	Jan. 1, 2001
Arkansas	1997	Provides for equal coverage of mental illness and developmental disorders; exempts state employees, companies with less than 50 employees, and companies that anticipate a cost increase of more than 1.5 percent.	Aug. 1, 1997
California	1999	Provides for persons of any age equal coverage for severe mental illnesses, including schizophrenia, bipolar disorder, major depressive disorders, schizoaffective disorder, panic disorder, obsessive-compulsive disorder, autism, anorexia nervosa, and bulimia nervosa. Covers children with one or more mental disorders other than a primary substance abuse disorder or a developmental disorder. No small business exemption.	July 1, 2000

Colorado	1997	Provides for coverage of schizophrenia, schizoaffective disorder, bipolar affective disorder, major depressive disorder, and obsessive-compulsive disorder that is no less extensive than the coverage provided for physical illnesses.	Jan. 1, 1998
Connecticut	1997	Provides for coverage of schizophrenia, schizoaffective disorder, major depressive disorder, bipolar disorder, paranoia and other psychotic disorders, obsessive-compulsive disorder, panic disorder and pervasive developmental disorder and autism that is equal to coverage provided for medical or surgical conditions.	Oct. 1, 1997
Connecticut	1999	Provides that policies shall not establish any terms, conditions or benefits that place a greater financial burden on an insured for access to diagnosis or treatment of mental conditions than are placed on treatment of other physical conditions. The statute defines mental conditions as the mental disorders included in the most recent edition of the DSM-IV, including addictive disorders.	Jan. 1, 2000
Delaware	1998	Requires health insurers to provide coverage for biologically based mental illnesses, including schizophrenia, schizoaffective disorder, major depression, bipolar disorder, delusional disorders, panic disorder, obsessive compulsive disorder, anorexia and bulimia, under the same terms and conditions of coverage offered for physical illnesses.	Jan. 1, 1999
Georgia	1998	Requires larger employers (51 or more employees) that choose to provide mental health benefits to provide equal lifetime and annual caps for mental health benefits as is provided for other physical illnesses, and provide the same dollar limits, deductibles, and coinsurance. Employers cannot impose separate outpatient and visit limits on the treatment of mental illnesses. Requires smaller employers (two to 50 employees) that choose to provide mental health benefits to provide equal lifetime and annual caps for mental health benefits as is offered for other physical illnesses, and provide the same dollar limits, deductibles, and coinsurance. "Mental illnesses" cover all brain disorders listed in the DSM-IV, including addictive disorders.	April 6, 1998
Hawaii	1999	Expands coverage for schizophrenia, schizoaffective disorder and bipolar mood disorder. Excludes coverage for substance abuse and other disorders, including major depression. Establishes a task force to study the impact of adding these illnesses at a later date. Exempts small businesses with 25 or fewer employees.	July 1, 1999
Indiana	1997	Requires the same treatment limitations or financial requirements on the coverage of services for mental illnesses for state employees only. The law also includes a provision that mirrors the federal mental health parity act of 1996.	July 1, 1997
Indiana	1999	Amends the 1997 Indiana parity law (above) to cover "services for mental illness," as defined by a contract, policy, or plan for health services. Does not mandate coverage or cover substance abuse treatment. Exempts small businesses with 50 or fewer employees and provides for a 4 percent cost-increase exemption.	Jan. 1, 2000
Kentucky	2000	Provides that treatment of a "mental health condition" must be under the same terms and conditions as provided for treatment of physical health conditions. The law defines "treatment of a mental health condition" as including, but not limited to, any necessary outpatient, inpatient, residential partial hospitalization, day treatment, emergency detoxification or crisis stabilization services. The law defines "mental health condition" as any condition or disorder that is included in the DSM-IV or that is listed in the mental disorders section of the International Classification of Disease. The law includes alcohol and other drug abuse. The law exempts group plans covering fewer than 50 employees.	July 15, 2000

Louisiana	1999	Mandates equitable coverage for severe mental illness including schizophrenia, schizoaffective disorder, bipolar disorder, pervasive developmental disorder (autism), panic disorder, obsessive-compulsive disorder, major depressive disorder, anorexia/bulimia, Aspergers Disorder, intermittent explosive disorder, post-traumatic stress disorder, psychosis (not otherwise specified) when diagnosed in a child under 17 years of age, Retts disorder and Tourettes disorder. Policies must offer optional coverage for other mental disorders not covered in the list (at the expense of the policyholder). Minimum benefits are to include 45 inpatient days per year (an exchange of two partial hospitalization days or two residential treatment days per one in-hospital day may be provided) and 52 outpatient visits, including intensive outpatient programs. No small-business exemption.	January 1, 2000
Maine	1995	Provides for coverage of schizophrenia, bipolar disorder, pervasive development disorder, or autism, paranoia, panic disorder, obsessive-compulsive disorder, and major depressive disorder in group contracts that is no less extensive than medical treatment for physical illnesses; no substance abuse coverage is mandated; excludes groups of 20 or fewer employees.	July 1, 1996
Maryland	1994	Prohibits insurers and HMOs from discriminating against any person with mental illness, emotional disorder, drug abuse or alcohol abuse by failing to provide treatment or diagnosis equal to physical illnesses.	Aug. 1, 1994
Massachusetts (state employees only)	1993 (Admin. Order)	Requires parity coverage for outpatient, intermediate and inpatient mental health and substance abuse care that the state employee plan determines to be medically necessary. The order defines mental illnesses as the categories listed in the current version of the DSM-IV, excluding certain disorders.	1993
Massachusetts	2000	Requires non-discriminatory coverage; health plans are prohibited from including any annual or lifetime dollar or unit of service limitation on coverage for the diagnosis and treatment of mental disorders which is less than any annual or lifetime dollar or unit of service limitation imposed on coverage for the diagnosis and treatment of other physical illnesses. Coverage includes non-discriminatory coverage for the diagnosis and treatment of biologically based mental disorders (defined as schizophrenia, schizoaffective disorder, major depressive disorder, bipolar disorder, paranoia and other psychotic disorders, obsessive-compulsive disorder, panic disorder, delirium and dementia, affective disorders, and any biologically based mental disorders appearing in the DSM that are scientifically recognized and approved by the Department of Mental Health), rape-related mental and emotional disorders, and coverage for children under the age of 19 for the diagnosis and treatment of non-biologically based mental, behavioral, or emotional disorders. The law requires parity for co-occurring mental illnesses and addictive disorders; however, it does not require parity for a diagnosis of an addictive disorder alone.	Jan. 1, 2001
Minnesota	1995	Requires cost of inpatient and outpatient mental health and chemical-dependency services to not be greater or more restrictive than those for outpatient and inpatient medical services.	Aug. 1, 1995
Missouri	1997	Covers all disorders in DSM-IV in managed care plans only, equal to that provided for physical illnesses (roughly 40 percent of population); part of a larger Missouri managed-care regulatory measure.	Sept. 1, 1997
Missouri	1999	Specifies that coverage for mental illness benefits shall not place greater financial burdens on the insured than for physical illnesses. The law specifies that substance abuse is covered only if the covered person also has a diagnosis of a mental illness. The substance abuse coverage can be limited to one detox session, which is not to exceed four days. Benefits to individuals with co-occurring disorders are limited to 45 inpatient days. However, the insurer may still apply	Jan. 1, 2000

		different deductibles, co-pays or co-insurance terms. Businesses can apply for an exemption if compliance with this law results in a 2 percent premium-cost increase. Provides for impact study. The law expires on Jan. 1, 2005.	
Montana	1999	Provides equitable health insurance and disability insurance for severe mental illness (schizophrenia, schizoaffective disorder, bipolar disorder, major depression, panic disorder, obsessive-compulsive disorder, and autism) that is no less favorable than that provided for other physical illnesses.	Jan. 1, 2000
Nebraska	1999	The law applies to "any mental health condition that current medical science affirms is caused by a biological disorder of the brain and that substantially limits the life activities of the person with the serious mental illness." Exempts plans with fewer than 15 employees. Not a mandate.	Jan. 1, 2000
Nevada	1999	Mandates coverage for those with severe mental illness including schizophrenia, schizoaffective disorder, bipolar disorders, major depression, panic, and obsessive-compulsive disorders. Annual and lifetime limits, and out-of-pocket limits are the same as for other medical/surgical benefits. Minimum 30 in-hospital days and 27 outpatient visits per year. Alternative to hospitalization available on a two-for-one exchange of the in-hospital benefits (up to 40 days), to include crisis respite, partial hospitalization, and other residential treatment. Outpatient visits for medication management not counted toward mental health benefits but come out of standard medical coverage. Also: Co-pays and deductibles are a maximum of \$18 for outpatient visits and \$180 per inpatient admission. Businesses with 25 or fewer employees are exempt from this mandate.	Jan. 1, 2000
New Hampshire	1994	Provides for coverage of schizophrenia, schizoaffective disorder, bipolar disorder, paranoia, and other psychotic disorders, obsessive-compulsive disorder, panic disorder, and pervasive developmental disorder or autism no less extensive than coverage for physical illnesses; applies only to groups and HMOs, regardless of size.	Jan. 1, 1995
New Jersey	1999	Requires that every individual and group hospital service corporation contract that provides hospital or medical expense benefits and is delivered, issued, executed, or renewed shall provide coverage for biologically based mental illness under the same terms and conditions as provided for any other sickness.	Aug. 13, 1999
New Mexico	2000	Provides that group plans must not impose treatment limitations or financial requirements on the provision of mental health benefits if identical limitations or requirements are not imposed on coverage of benefits for other conditions. The scope of the law includes those mental health benefits described in the group health plan, or group health insurance offered in connection with the plan. The law does not apply to benefits for the treatment of substance abuse, chemical dependency, or gambling addictions. The law includes a cost exemption that allows employers that qualify to opt out.	Oct. 1, 2000
North Carolina (state employees only)	1991	Requires non-discriminatory coverage in state government employee health contracts. The law defines "mental illness" when applied to an adult — an illness which so lessens the capacity of the individual to use self-control, judgment, and discretion in the conduct of his affairs and social relations as to make it necessary or advisable for him to be under treatment, care, supervision, guidance or control; and when applied to a minor — a mental condition, other than mental retardation alone, that so impairs the youths capacity to exercise age-adequate self-control or judgment in the conduct of his/her activities and social relationships that the youth requires treatment. The law provides that the state-employee plan must have the same deductibles, durational limits, and coinsurance that apply to other physical illness benefits.	Jan. 1, 1992

North Carolina (state employees only)	1997	Requires non-discriminatory coverage in state government employee health contracts. The law is nearly identical to the 1991 parity law (above), except that it broadens the law to require non-discriminatory coverage for "chemical dependency." The law defines "chemical dependency" as the pathological use or abuse of alcohol or other drugs in a manner or to a degree that produces an impairment in personal, social, or occupational functioning and which may, but need not, include a pattern of tolerance and withdrawal, with a diagnosis found in the DSM-IV or the International Classification of Diseases (ICD).	Oct. 1, 1997
Oklahoma	1999	Provides equitable coverage for those with "severe mental illness," including schizophrenia, bipolar disorder, major depressive disorder, panic disorder, obsessive-compulsive disorder, and schizoaffective disorder. Exempts "small employers" with 50 or fewer employees; also provides for a 2 percent premium-increase exemption.	Jan. 1, 2000
Pennsylvania	1998	Requires that benefits be provided for serious mental illnesses and that there be no difference in either the annual or lifetime dollar limits in coverage for serious mental illnesses and any other illnesses. The law also provides that cost-sharing arrangements, including but not limited to deductibles and co-payments for coverage of serious mental illnesses, shall not prohibit access to care. The law sets minimum coverage for serious mental illnesses at 30 inpatient days and 60 outpatient days annually. The law exempts employers with 50 or fewer employees.	April 21, 1999
Rhode Island	1994	Provides for coverage of "serious mental illness" that current medical science affirms is caused by a biological disorder of the brain and substantially limits life activities. The law requires that benefits for serious mental illnesses include the same durational limits, amount limits, deductibles, and coinsurance as for other illnesses and diseases.	Jan. 1, 1995
South Carolina (state employees only)	2000	Requires the state health insurance plan to provide coverage for medically necessary treatment of a mental health condition and/or substance abuse disorder and provides that the plan must not establish any term or condition that places a greater financial burden on an insured for access to treatment for a mental health or substance abuse condition than is required for access to treatment for other physical illnesses. The law provides that any deductible or out-of-pocket limits required under the state health insurance plan must be comprehensive for coverage of mental illnesses, alcohol or substance abuse and other physical health conditions. The law requires parity for biologically based mental illnesses. The law includes a cost exemption which allows the state plan to opt out of the requirements if it can show that the total health insurance costs of the state plan increase by more than 1 percent at the end of the three-year period beginning 1/1/2002 and ending 12/31/2004; or by more than 3.39 percent at any time beginning 1/1/2002 and ending 12/31/2004.	Jan. 1, 2001 (includes a sunset provision of Jan. 1, 2005)
South Dakota	1998	Provides coverage for the treatment and diagnosis of biologically based mental illnesses, including schizophrenia, schizoaffective disorder, bipolar affective disorder, major depression, obsessive-compulsive disorder, and other anxiety disorders, with the same dollar limits, deductibles, coinsurance factors and restrictions as for other covered illnesses.	July 1, 1998
Tennessee	1998	Provides mandated mental health coverage but does not cover alcohol or substance abuse treatment; annual and lifetime limits and out-of-pocket expense limits must be equal to other medical and surgical benefits; covers at least 20 inpatient hospitalization days and 25 outpatient visits per year; alternatives to hospitalization must be provided at two-for-one of the inpatient hospitalization days (up to 40 days), including crisis respite services for the consumer, residential	Jan. 1, 2000

		treatment and partial hospitalization; outpatient visits for medication management do not count toward mental health benefits but are provided equal to a medical visit; does not require parity for co-pays and deductibles; a business can file for an exemption after 12 months if its costs increase by more than 1 percent; businesses with 25 or fewer employees are exempt.	
Texas ( <i>public employees only</i> )	1991	Covers all public state and local employees, and all teachers and university system employees; plan covers schizophrenia, schizoaffective disorder, bipolar disorder, and major depression.	Sept. 1, 1991
Texas	1997	Covers schizophrenia, paranoia and other psychotic disorders, bipolar disorder, major depressive disorder, schizoaffective disorder, pervasive developmental disorder, obsessive-compulsive disorder, and depression in childhood and adolescence; exempts businesses with fewer than 50 employees; grants 60 outpatient visits and 45 inpatient days annually.	Jan. 1, 1998
Vermont	1997	The law provides that health plans shall not establish any lifetime or annual payment limits, deductibles, co-payments, coinsurance and any other cost-sharing requirements, out-of-pocket limits, visit limits and any other financial component of coverage that places a greater financial burden on an insured than for other physical health conditions. The law requires a single limit for mental health and physical health deductibles and out-of-pocket limits. The law requires parity coverage for mental illnesses and addictive disorders.	Jan. 1, 1998
Virginia	1999	Provides equitable coverage for schizophrenia, schizoaffective disorder, bipolar disorder, major depressive disorder, panic disorder, obsessive-compulsive disorder, attention deficit/hyperactivity disorder, autism, and drug and alcoholism addiction. Employers with 25 or fewer employees are exempt.	Jan. 1, 2000

*Source: National Alliance for the Mentally Ill*