

Mental Health Parity Arrives

How a Pro-active Approach Can Alleviate Potential Risk to Health Plan Dollars

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On October 3, 2009, the Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act of 2008 (the Act) took effect. How it affects ERISA-sponsored plans is well documented. What's not so obvious is how health plan sponsors can minimize the risk to their health plan dollars.

Why a Well-Intentioned Act Poses Risk

To understand why the potential for spiraling costs exists, let's look at the requirements. The Act doesn't require plans to provide

coverage for Mental Health (MH) and Chemical Dependency (CD), aka behavioral health coverage. However, if the plan does offer such coverage, then now it must be equivalent to the predominant medical coverage offered. So, no differences can exist between treatment limits or cost sharing (deductibles, coinsurance, co-pays and so forth). The laudable intent is to improve behavioral health coverage, bringing it closer in line with other types of coverage.

For most plans, it would be difficult and undesirable to make major changes to medical coverage solely to adjust to the new behavioral health requirements. Without that option, plans face eliminations of the benefit caps that protected them from extensive costs related to behavioral health treatment.

While there isn't extensive data on exactly how great the impact will be to health plans without utilization management programs in place, in the Pacific Northwest, where state parity laws are already in play, industry experts anticipate that plan sponsors will probably see increases in behavioral health utilization. It stands to reason that richer benefits increase the prospect of (1) longer lengths of inpatient stays, (2) more visits

per plan participant for outpatient treatment, and (3) more overall behavioral health program participation. All three add up to plan risk, in terms of both increased claim dollar outlay and the potential for claimants to hit stop-loss thresholds.

Proactive vs. Reactive or Passive Options

There are a few options for plan consideration. The most drastic, and probably the least feasible and desirable, would be to eliminate behavioral health coverage altogether. Medical opinions hold that behavioral health treatment is as crucial as any other, and that excluding it can simply shift treatment dollars to other areas.

Another option is to modify the plan design to be in compliance, yet leave the benefit unmanaged. For many plans, this expands the behavioral health benefit, but in a parity environment, this also elevates the risk to the sponsor. Most plans have minimal utilization management, if any, because benefit design has typically been limited. For example, with a \$10,000 mental health limit, once plan participants hit that threshold, there was no more coverage, so plan risk and the need for closely monitored service utilization was low.

Parity exposes the plan to paying for more services – some of which may not be entirely necessary or appropriate.

The last and best option is for plans to choose to modify the design for compliance, as well as to manage the benefit to control utilization, ensuring services rendered are medically necessary before plan coverage kicks in. To do this, plans can implement utilization management of behavioral health – often called managed behavioral health or MBH. Though MBH implementation means an additional administrative fee, consider that fee to be a cost-containment investment. It ensures a trained clinician pays close attention to the treatment that plan participants receive, making sure services are appropriate and preventing the plan from paying for unnecessary care. In the best case, this clinician will have

the behavioral health experience and expertise needed to effectively manage these cases and bring them to resolution expeditiously. Well-rounded MBH programs also provide a case management function that carefully monitors potentially high dollar cases and works with providers to monitor services rendered. While no program eliminates large claimants, careful MBH oversight ensures medically necessary benefit use.

Managed Behavioral Health Made Simple

Full-service third party administrators should offer behavioral health program options. At Healthcare Management Administrators (HMA), we partner with experts at Reliant Behavioral Health so our clients can add a fully integrated, robust managed behavioral health program onto their administered

services at any time. Our program incorporates utilization management (inpatient and outpatient) as well as case management for more complex cases that have high dollar potential. HMA sees this service as a way for clients to manage their risk simply and proactively.

Our approach goes beyond just offering the MBH service. HMA prefers a consultative method that offers clients support in determining how to comply with parity and providing ongoing utilization data so they can monitor the impact of parity.

Proactive rather than reactive or passive solutions save health plan sponsors time and money, mitigating risk while promoting positive outcomes for plan participants. That positive parity is what HMA strives to achieve for our clients.

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