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Request for Information for Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act of 2008

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Regulations Under the Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act of 2008

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General Comment

Comments: The regulations state "The OPM encouraged its insurers to consider carve-out arrangements when implementing the parity directive in 2000 for the FEHBP. This is because of the ability of behavioral health carve-outs to use utilization management tools to control utilization and spending in the face of reductions in cost sharing and elimination of limits. Thus, parity in a world dominated by behavioral carve-outs has meant increased utilization rates, reduced provider fees, reduced rates of hospitalization and fewer very long episodes of outpatient care. Intensive treatment was more closely aligned with higher levels of severity." It goes on to say that "The dominant role of managed behavioral health care in the market and the evidence about its success in controlling costs means that the moral hazard problem can be controlled. The implication is that more complete financial protection can be offered to people without significant increase in social costs." The CBO cost analysis of mental health parity as well as Milliman's actuarial analysis of mental health parity were based on the assumption that benefits would be managed. Milliman's analysis states that managed behavioral healthcare costs are often 25% to 50% lower than costs of non-managed benefit packages. However, the regulations go on to say ". these regulations provide that medical management can be applied to mental health and substance use disorder benefits by plans as long as any processes, strategies, evidentiary standards, or other factors used in applying medical management are comparable to, and are applied no more stringently than, the processes, strategies, evidentiary standards, or other factors used in applying medical management to medical/surgical benefits." Therefore, negating all cost saving measures brought about by managed behavioral health care.