



# Milwaukee County

## Legislation Text

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From the Director of Employee Benefits submitting an informational report regarding the Mental Health Parity Act. **(INFORMATIONAL ONLY UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

**COUNTY OF MILWAUKEE**  
**DAS - Division of Employee Benefits**  
Inter-Office Communication

Date : December 15, 2010  
To : County Supervisor Patricia Jursik, Chair, Personnel Committee  
From : David A. Arena, Director of Employee Benefits  
Subject : **Mental Health Parity Act - For Information Only**

The Wellstone-Domenici Mental Health Parity and Addiction Equity Act were passed in October 2008. In summary, the law requires that any health insurance plan that provides mental health or addiction coverage cannot have any requirements more restrictive than those applied to all medical and surgical benefits covered by the plan. Deductibles, co-payments, out-of-pocket expenses, etc. should be the same for all benefits.

The Federal law has a number of exemptions from these requirements. Under one of these exemptions, self-funded non-ERISA government plans such as Milwaukee County's are allowed to opt-out by filing annual notice to the Centers for Medicare and Medicaid Services (CMS) and providing that notice to its covered members. The County has applied this provision and opted out of the updated Federal Parity Law for 2009 and 2010. This maintained the status quo of the plan design previously approved by the Board.

Subsequent to the Wellstone-Domenici Act, Wisconsin passed Act 218. This law required municipalities to conform to the provisions of the Federal Parity Act regardless of self-funded non-ERISA status. This applies to non-represented employees as of 12/1/2010. It does not, however, apply to collectively bargained employees until a successor agreement is reached.

The effect of Parity eliminates any arbitrary limits on the number of visits or days of treatment. Standard clinical guidelines and medical necessity restrictions would still apply to Mental Health /Substance Abuse treatment, as those restrictions also apply to medical and surgical benefits. Office visit co-pays will apply for outpatient treatment, while deductible and coinsurance would apply to inpatient treatment. In most cases, the Parity Law increases access to benefits for the patient. However, it is possible that applying medical co-pays and deductibles could result in higher out-of-pocket costs for some patients.

Cambridge Advisory has estimated that the application of Parity rules will result in an increase in annual plan costs of 2%. Given the relatively low MH/SA utilization in our plan and the gradual application of the provisions as labor agreements are reached, that would seem to be high.

Under Federal provisions, if after at least six months of meeting the requirement of the law the County can demonstrate and have certified by a licensed actuary that the costs of providing these changes to coverage are excessive, the County's plan can be exempted. Excessive is defined as an increase to the total costs of coverage by 2% during the first

year, or 1% in subsequent years. It is not yet clear whether the Wisconsin Act 218 would preclude the County from exemption under this provision.

We will monitor the costs and revisit the Parity requirements if it becomes apparent the excessive costs provisions would apply. In the event that the cost of the Parity rules is deemed excessive by the Federal standards, at that point we would seek a policy decision whether to seek relief through exemption (i.e. return to the prior limitations or continue to apply Federal Parity standards).

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