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Despite federal law, some insurance exchange plans offer unequal coverage for mental health

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One-quarter of the health plans being sold on health insurance exchanges set up through the Affordable Care Act offer benefits that appear to violate a federal law requiring equal benefits for general medical and mental health care, according to new research led by the Johns Hopkins Bloomberg School of Public Health.

The law – known as mental health parity – was designed to eliminate discrimination in insurance coverage offered for people with mental illness and addiction problems. The federal law first required parity for group health insurance policies in 2010 and was extended to insurance products offered on state exchanges with the implementation of Obamacare last year.

The research team analyzed whether information available to consumers shopping on state health insurance exchanges appeared consistent with the federal parity law. The findings are published online March 2 in the journal *Psychiatric Services*.

"Our concern was that health plans may have an incentive to avoid enrolling individuals who use mental health services because their care tends to be more costly on average," says study leader Colleen L. Barry, PhD, MPP, an associate professor in the departments of Health Policy and Management and Mental Health at the Johns Hopkins Bloomberg School of Public Health. "This would go against the philosophy of parity, which was to level the playing field. Our study suggests that some plans may still be offering people with mental illness insurance benefits that are less generous than benefits for other medical conditions."

For their study, Barry and her colleagues examined the benefit brochures for two state exchanges – one in a large state and one in a smaller one, neither of which are named in the paper – during the first Affordable Care Act open enrollment period between Oct. 2013 and March 2014. The researchers chose the two states because of the variety of health insurance plans offered on each exchange and because they had easy access to all necessary documentation.

The larger state's exchange offered five times more insurance plans than the smaller one. On the smaller exchange, more than half of the plans offered appeared to violate the parity law, the researchers found.

In that state, most of the inconsistencies pertained to prior authorization requirements, which compel a patient to obtain approval for a medical visit or service before being seen by a physician in order for that visit to be covered. This can add lengthy delays to the process of obtaining treatment, Barry says. In many of the plans that Barry and her colleagues analyzed in the smaller state, brochures stated that prior authorization was needed for outpatient behavioral health visits, but not, for example, for sick visits to a primary care doctor. Someone with mental illness might be less likely to choose one of those plans, instead bypassing them for a plan that appeared in its benefit description to have better mental health coverage.

While more plans in the larger state appeared to be compliant with parity laws, in some benefit brochures authors identified differences in financial requirements such as cost sharing between general and behavioral health services. For example, general doctor visits might be covered through a basic co-payment, where each visit costs the patient a

$10 co-payment and the insurer picks up the rest. Mental health visits, however, were handled differently, with the patient responsible for a percentage of the cost of their visit (say 20 percent), a figure that is typically much larger than the $10 co-pay. The discrepancies that showed up in benefit brochures could make it less likely that someone with mental illness or addiction problems would choose one of these plans.

"These disparities are prohibited under the law, but they do appear in plan brochures – and not in isolated instances," Barry says. "It suggests there's a need to better regulate what is being offered to potential enrollees. More monitoring is critical."

While the researchers didn't look at insurance exchanges in all states, Barry says the different types of compliance problems they identified across the two states suggests that inconsistencies with parity law may manifest in patterns that vary from state to state.

"A more comprehensive study is certainly warranted to see if this is a systematic problem beyond these two states and, to the extent it is, steps need to be taken where there are apparent violations of the law," says Kelsey N. Berry, a PhD candidate at Harvard University and first author of the study.

"A Tale of Two States: Do Consumers See Behavioral Health Insurance Parity When Shopping on State Exchanges?" was written by Kelsey N. Berry, Haiden A. Huskamp, Howard H. Goldman and Colleen Barry.

Provided by Johns Hopkins University Bloomberg School of Public Health

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