Mental Health Parity Managed Care Rule

Jacey Cooper, Assistant Deputy Director
Health Care Delivery Systems
Department of Health Care Services

May 17, 2017
Presentation Outline

1. Medicaid Mental Health Parity Rule Background and Overview
2. State Approach to Determining Parity
3. Implementation Updates
4. Questions & Open Discussion
Medicaid Parity Rule Background

Alignment with the MHPAEA:

- Medicaid Parity Rule applies the Mental Health Parity and Addiction Equity Act of 2008 (MHPAEA) to Medicaid
- Intended to create consistency between the commercial and Medicaid markets
- MHPAEA requires full parity for financial requirements, treatment limitations, and disclosure requirements

Medicaid Parity Rule differs from MHPAEA on several provisions:

- Applies parity across different delivery systems
- Change in the number of benefit classifications
- Applies parity to the Alternative Benefit Plan and State Plan
- Extends parity protections to long-term care services and supports
Medicaid Parity Rule Overview

General Parity Requirements:

- **Financial requirements and quantitative treatment limitations** on mental health (MH) and substance use disorder (SUD) benefits cannot be more restrictive or be applied more stringently than medical/surgical (M/S) benefits.

- **Non-quantitative treatment limitations** on MH or SUD benefits in processes, strategies, evidentiary standards, or other factors must be comparable to, and are applied no more stringently than, limitations applied to M/S benefits in the same classification.
Medicaid Parity Rule Overview

Scope of Application:

- Parity applies to all individuals enrolled in a Medi-Cal managed care plan (MCP)
- Once the beneficiary is enrolled in an MCP, his/her entire benefit package is subject to parity
- Parity does not apply to beneficiaries who are in Fee-for-Service (FFS) only or not enrolled in an MCP

Compliance Dates:

- Medicaid Parity Rule is effective May 31, 2016
- Implementation date is October 2, 2017
Medicaid Parity Rule Overview

State Responsibilities

• Assess parity compliance across the delivery systems

Medical/Surgical Services
• Medi-Cal managed care health plans (MCPs)

Mental Health Services
• MCPs for non-specialty outpatient mental health (mild to moderate)
• Mental Health Plans (MHPs) for specialty mental health

Substance Use Disorder Services
• Drug Medi-Cal
• Drug Medi-Cal Organized Delivery System (DMC-ODS)

Pharmacy Benefits
• MCP
• Fee-For-Service (FFS)

Considerations in each delivery system:
• Statutes
• Regulations
• Waiver requirements
• Financing mechanisms
• Expenditure authorities
• Contractual agreements
• Restrictions
Four Main Components of Parity Compliance

1. Benefits Mapping and Classification
2. Financial Requirements and Quantitative Treatment Limitations
3. Non-quantitative Treatment Limitations
4. Disclosure Requirements
Benefits Classification

• Financial requirements and treatment limitations apply by benefit classification
• To conduct a parity analysis, each M/S, MH, and SUD benefit must be mapped to one of four benefit classifications

Benefit Classifications

- Inpatient
- Outpatient
- Prescription Drugs
- Emergency Care
Financial Requirements (FRs)

Definitions

- **Financial requirements**: Payment by beneficiaries for services received that are in addition to payments made by the state, MCP, MHP, DMC, or DMC-ODS for those services
- **Aggregate lifetime or annual dollar limits**: Dollar limits on the total amount of a specified benefit over a lifetime or an annual basis

Key to Meeting Parity

- FR on MH and SUD benefits must be **no more restrictive** than those that apply to M/S benefits in the same classification
- Aggregate lifetime and annual dollar limits must be evaluated for compliance with parity requirements

Examples of Financial Requirements

- Copays
- Deductibles
- Coinsurance
- Out-of-pocket maximums
Quantitative Treatment Limitations (QTLs)

Definition

- Limits on the scope or duration of benefits that are expressed numerically

Key to Meeting Parity

- MH and SUD QTL limit must be equal to or less restrictive than the predominant limit on M/S benefits

Examples of QTLs

- Visit limits
- Day limits
- Frequency of treatment
- Days of coverage
- Days in a waiting period
Non-Quantitative Treatment Limitations (NQTLs)

**Definition**
- Non-numerical limits on the scope or duration of benefits
- Includes “soft limits” that allow the numerical limit within a QTL to be exceeded based on medical necessity

**Key to Meeting Parity**
- Any processes, strategies, evidentiary standards, or other factors, as written and in operation, used in applying the NQTL to MH and SUD benefits must be comparable to, and applied no more stringently, than NQTLs to M/S benefits in the same classification

**Examples of NQTLs**
- Medical management standards limiting or excluding benefits based on medical necessity or appropriateness criteria
- Standards for provider admission to participate in a network
- Fail-first policies or step therapy protocols
- Exclusions based on failure to complete a course of treatment
NQTL Analysis

**Comparability**
- Under what circumstances is this NQTL applied?
- What is the purpose of applying this NQTL?
- What evidence supports applying this NQTL?

**Stringency**
- What consequences apply when the NQTL is not met?
- How much discretion is allowed in applying the NQTL?
- How difficult is it to meet the threshold requirement of the NQTL?

Evaluation focuses on equal processes, not necessarily equal outcomes.
Disclosure Requirements

**DHCS Requirement**
- Documentation of parity compliance posted on the website

**MCP/MHP/SUD Requirements**
- Criteria for medical necessity determinations for MH and SUD benefits must be made available to beneficiaries, potential beneficiaries, and providers upon request
- The reason for any denial of reimbursement or payment for MH and SUD benefits must be made available to beneficiaries
# State Approach to Parity Analysis

**Mapped**

Benefits to the Four Classifications

**Reviewed**

State-imposed limitations to identify and analyze financial requirements, QTLs, and NQTLs

**Administered**

Surveys on MCPs and MHPs for treatment limitations at the plan-level that are more stringent than State guidance

**Analyzed**

Financial requirements and treatment limitations

Notice and information requirements
State Compliance

State Responsibilities

• Provide an assurance of compliance with parity requirements to the Centers for Medicare & Medicaid Services (CMS)
• Ensure compliance with the MCPs, MHPs, and DMC delivery systems via State guidance and review of deliverables
• Implement any needed changes via amendments to State Plan, waivers, contracts, statutes, regulations, All Plan Letters, County Information Notices, Medi-Cal Provider Manual, policies and procedures to meet parity requirements
• Monitor for continued compliance
• Post documentation of parity compliance on its website
Implementation Updates: Parity Analysis

CMS’ Parity Compliance Toolkit outlined 10 key steps to conducting parity analysis:

<table>
<thead>
<tr>
<th>Toolkit Step</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Identify all benefit packages to which parity applies.</td>
<td>Completed</td>
</tr>
<tr>
<td>2. Determine whether the state or MCO is responsible for the parity analysis.</td>
<td>Completed</td>
</tr>
<tr>
<td>3. Determine which covered benefits are MH/SUD benefits and which are M/S benefits.</td>
<td>Completed</td>
</tr>
<tr>
<td>4. Define the four benefit classifications and determine the benefit classification mappings for medical/surgical, MH, and SUD benefits.</td>
<td>Completed</td>
</tr>
<tr>
<td>5. Identify and test each aggregate lifetime and annual dollar limit (AL/ADL) applied to MH/SUD benefits for compliance with applicable parity requirements.</td>
<td>Completed</td>
</tr>
</tbody>
</table>
### Implementation Updates: Parity Analysis

<table>
<thead>
<tr>
<th>Toolkit Step</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>6. Identify and test each FR and QTL applied to MH/SUD benefits in a classification.</td>
<td>Completed</td>
</tr>
<tr>
<td>7. Identify and test each NQTL applied to M/S, MH and SUD benefits in a classification.</td>
<td>In Progress</td>
</tr>
<tr>
<td>8. Assess compliance with requirements regarding availability of information.</td>
<td>In Progress</td>
</tr>
<tr>
<td>9. Document and post findings from the parity analysis on the state’s website.</td>
<td>In Progress</td>
</tr>
<tr>
<td>10. Implement any changes needed to the Medicaid state plan, Alternative Benefit Plan (ABP) state plan, child health plan, MCO/Prepaid Inpatient Health Plan (PIHP)/Prepaid Ambulatory Health Plans (PAHP) contract, MCO/PIHP/PAHP rates, state policies and procedures, MCO/PIHP/PAHP policies and procedures, and so forth, in order to meet parity requirements by the applicable compliance date.</td>
<td>In Progress</td>
</tr>
</tbody>
</table>
Implementation Updates: Next Steps

- Submit Compliance Plan to CMS
- Issue State guidance via All Plan Letter and County Information Notice
- Amend MCP and MHP contracts
- Review MCP and MHP deliverables submissions
Questions & Open Discussion