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LEGAL ALERT



## Legal Alert: Mental Health Parity Act Included in Economic Stimulus Package

10/8/2008

The Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act of 2008 was signed into law by President Bush on October 3, as part of the Emergency Economic Stabilization Act. The Act amends ERISA and the Public Health Service Act by prohibiting group health plans (or health insurance coverage offered by such plans) from imposing more burdensome financial requirements for mental health or substance use disorder benefits than required for substantially all medical or surgical benefits covered by the plan. The Act also prohibits separate cost sharing requirements that are applicable only to mental health or substance use disorder benefits. Additionally, the Act prohibits plans from imposing greater treatment limitations on mental health or substance use disorder benefits than those applicable to substantially all medical or surgical benefits and prohibits plans from imposing treatment limitations only on mental health or substance use disorder benefits.

The Act does not apply to employers with 50 or fewer employees. Additionally, the Act provides for a limited exemption for plans that experience an increase in actual total costs with respect to medical/surgical and mental health/substance use benefits of 1% (2% in the first plan year that the Act is applicable). The exemption applies for one plan year.

The Act does not require plans to offer mental health or substance use disorder benefits; however, it does require parity if these benefits are offered. For most plans, the effective date of the Act is January 1, 2010 (the first plan coverage year that is one year after the date of enactment). Plans maintained under collective bargaining agreements that were ratified before the enactment date of the Act are not subject to the Act until they terminate or until January 1, 2009, whichever is later.

If you have any questions regarding the Act or other employment related benefits issues, please contact the Ford & Harrison attorney with whom you usually work or any member of Ford & Harrison's Employee Benefits practice group.