F I S C A L I M P A C T R E P O R T

SPONSOR Madalena **ORIGINAL DATE** 02/20/15 **LAST UPDATED** **HB** 224

SHORT TITLE Behavioral Health Parity **SB**

ANALYST Hanika-Ortiz

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY14	FY15	FY16	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total			see fiscal impact			

(Parenthesis ( ) Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From
Attorney General's Office (AGO)
New Mexico Public School Insurance Authority (PSIA)
Human Services Department (HSD)
New Mexico Retiree Health Care Authority (RHCA)
General Services Department (GSD)

SUMMARY

Synopsis of Bill

House Bill 224 amends the Health Care Purchasing Act, New Mexico Insurance Code, Health Maintenance Organization Law, and Nonprofit Health Care Plan Law to provide parity for the treatment of medically necessary behavioral health disorders with other medical benefits.

The bill defines "behavioral health benefits" as medically necessary mental health and substance use disorder treatment benefits, including services provided at a residential treatment facility.

FISCAL IMPLICATIONS

RHCA reports it already provides parity between behavioral health treatment and other services; therefore, the bill does not include a fiscal impact to the agency.

GSD reports residential treatment facilities are a stand-alone benefit for medically necessary substance use diagnoses, and do not fall under its behavioral health benefit.

PSIA reports its behavioral health benefits are limited to 30 visits per year for outpatient services and 30 days for inpatient services.

SIGNIFICANT ISSUES

HSD notes the ACA and Mental Health Parity and Addiction Equity Act of 2008 (MHPAEA) requires plans and issuers to ensure financial requirements (such as co-pays, deductibles) and treatment limitations (such as visit limits) applicable to mental health or substance use disorder benefits are no more restrictive than limitations applied to medical/surgical benefits. MHPAEA supplements prior provisions under the Mental Health Parity Act of 1996, which required parity only with respect to aggregate lifetime and annual dollar limits for mental health benefits.

HSD also notes the MHPAEA does not mandate a plan provide mental health/substance use disorder (MH/SUD) benefits. Rather, if a plan provides medical/surgical and MH/SUD benefits, it must comply with the MHPAEA's parity provisions.

PERFORMANCE IMPLICATIONS

The AGO commented that the ACA and MHPAEA exempt "small employers" from its requirements. Therefore, the amendments appear to require a more stringent approach than the ACA. But even if the amended sections put more stringent requirements on employers than the ACA, this more stringent approach by the states is allowable under the Act. However, such requirements, whether required by the ACA or not, would put a financial burden on employers.

ADMINISTRATIVE IMPLICATIONS

GSD reports that under its plan, behavioral health specialist office visits have the same copay as any primary care provider medical visits, and these visits are not subject to deductible. Inpatient stays also fall under the same prior authorization requirement for "medical necessity" as any medical inpatient stay and are subject to the same copays as other medical inpatient stays.

TECHNICAL ISSUES

The bill is unclear whether or not the "residential treatment facilities" are or will be required to be licensed by Department of Health, and/or certified by another accreditation body.

OTHER SUBSTANTIVE ISSUES

HSD believes insurers would still be allowed to require pre-admission screening prior to authorization of behavioral health services as long as the screening was not used for denial.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Some plans may continue to restrict behavioral health services in residential treatment facilities.

AHO/je