

Exhibit I.1: Overview of State Mental Health/Substance Abuse Parity Laws That Exceed the Federal Parity Law, as of August 2002

	<i>Year Law or Amendment Enacted</i>	<i>Mandated Benefit^a</i>	<i>Broad Definition of Mental Illness^b</i>	<i>Covers Substance Abuse</i>
Total Number of States	33	30	12	14
Vermont	1997	✓	✓	✓
Arkansas	1997, 2001	✓	✓	
California	1999	✓		
Colorado	1997	✓		
Connecticut	1999	✓	✓	✓
Delaware	1998, 2001	✓		✓
Georgia	1998		✓	✓
Hawaii	1999	✓		
Illinois	2001	✓		
Indiana	1999, 2001	h		✓
Kansas	2001	✓		
Kentucky	2000		✓	✓
Louisiana	1999	✓	✓	
Maine	1995	j		
Maryland	1994	✓	✓	✓
Massachusetts	2000	✓		k
Minnesota	1995	l	✓	✓
Missouri	1999			✓
Montana	1999, 2001	✓		✓
Nebraska	1999	✓		
Nevada	1999	✓		
New Hampshire	1994	✓		
New Jersey	1999	✓		
New Mexico	2000	✓	✓	
North Carolina	1997	✓	✓	✓
Oklahoma	1999	✓		
Pennsylvania	1998	✓		
Rhode Island	1994, 2001	✓	✓	✓
South Carolina	2000	✓		✓
South Dakota	1998	✓		
Tennessee	1998	✓	✓	
Texas	1997	o		
Virginia	1999	✓		✓
Federal Mental Health Parity Act	1996		p	

Source: Adapted from Gitterman, Daniel, Richard Scheffler, Marcia Peck, Elizabeth Ciemans, and Darcy Gruttadaro. "A Decade of Mental Health Parity: The Regulation of Mental Health Insurance Parity in the United States, 1990–2000." NIMH Grant MH-18828-11. Berkeley: University of California, July 2000. Updated based on State parity legislative information from the General Accounting Office, "Mental Health Parity Act: Despite New Federal Standards, Mental Health Benefits Remain Limited," GAO/HEHS-00-95, May 2000; the National Association for the Mentally Ill (NAMI), August 2001; and the NCSL Health Policy Tracking Service "Mental Health Parity" brief, December 2001.

Exhibit I.1 continued

	<i>Prohibits Limits on Inpatient Days and Outpatient Visits^c</i>	<i>Requires Financial Parity^d</i>	<i>Covers Small Employers^e</i>	<i>Covers Policies or Employers Regardless of Cost Increases</i>
Total Number of States	23	27	17	25
Vermont	✓	✓	✓	✓
Arkansas	f	✓	✓	
California	✓	✓	✓	
Colorado	✓	✓	✓	✓
Connecticut	✓	✓	✓	✓
Delaware	✓	✓	✓	✓
Georgia		✓	✓	✓
Hawaii	✓	✓		
Illinois	g	✓		✓
Indiana	✓	✓	i	
Kansas	✓			✓
Kentucky	✓	✓		✓
Louisiana		✓		
Maine	✓	✓		✓
Maryland		✓	✓	✓
Massachusetts	✓	✓	✓	✓
Minnesota	✓	✓	✓	✓
Missouri			✓	✓
Montana	✓	✓	✓	✓
Nebraska	✓			✓
Nevada		m		
New Hampshire	✓	✓	✓	✓
New Jersey	✓	✓	✓	✓
New Mexico	✓	✓	✓	
North Carolina	✓	✓	i	✓
Oklahoma	✓			
Pennsylvania		n		✓
Rhode Island		✓	✓	✓
South Carolina	✓	✓	i	
South Dakota	✓		✓	✓
Tennessee				
Texas	✓	✓		✓
Virginia	✓	✓		✓
Federal Mental Health Parity Act				

^a A “mandated benefit” refers to State statutes that require health insurance policies to include certain benefit provisions. A typical provision states that a group health plan shall provide benefits for diagnosis and mental health treatment under the same terms and conditions as provided for physical illnesses. States that are not checked under this column have either a “mandated benefit offering” or a “mandated, if offered” provision. The “mandated benefit offering” provision requires sellers to offer certain types of mental health coverage, with the decision of whether to purchase coverage left to the buyers. Alabama,

Georgia, and Missouri have “mandated benefit offering” provisions. The “mandated, if offered” provision does not require the employer or insurer to offer mental health coverage; however, if the employer offers coverage, then the coverage must comply with parity provisions. Indiana, Kentucky, and Nebraska have “mandated, if offered” provisions.

^b “Broad definition of mental illness” is defined as encompassing all the disorders listed in the American Psychiatric Association’s *Diagnostic and Statistical Manual of Mental Health Disorders* and/or the

Exhibit I.1 continued

- International Classification of Diseases Manual.* For States that are not checked in this column, some narrow their laws' scope by requiring coverage only for "biologically based" illness or "serious mental illness," most commonly defined as schizophrenia, bipolar disorder, obsessive-compulsive disorder, major depressive disorder, panic disorder, schizo-affective disorder, and delusional disorder. Alternatively, some States—as well as the Federal Mental Health Parity Act—allow health plans to define the scope of the mental health benefit.
- ^c States that are not checked in this column permit a disparity in the terms and conditions required for mental health coverage compared to other physical health conditions (for example, allowing a cap on the number of inpatient days and/or outpatient visits for mental health coverage that differs from that for other physical illnesses).
 - ^d States that are not checked in this column permit a disparity between the cost sharing for mental health services and physical health services.
 - ^e States that are not checked in this column exempt small employers, most commonly defined as employers with either 25 or fewer employees or 50 or fewer employees.
 - ^f Arkansas: S. 716 (2001) prohibits health plans from imposing limits on coverage for mental health treatment offered by employers with 50 or fewer employees. This law allows groups of 51 or more employees to impose an annual maximum of 8 inpatient/partial hospitalization days together with 30 outpatient days.
 - ^g Illinois: S. 1341 requires "group health benefit plans to provide coverage based upon medical necessity for the following treatment of mental illness in each calendar year: 45 days of inpatient treatment and 35 visits for outpatient treatment, including group and individual outpatient treatment, and prohibits a lifetime limit on the number of inpatient treatment days and outpatient visits covered by the plan. Plans must include the same amount limits, deductibles, copayments, and coinsurance factors for serious mental illness as for physical illness."
 - ^h Indiana: Statute specifies a "mandated benefit" for State employee plans and a "mandated offering" for group and individual plans.
 - ⁱ Indiana, North Carolina, and South Carolina: The parity statute applies to health plans offered to State employees.
 - ^j Maine: The statute mandates coverage for group plans and requires a mandated offering for individual policies.
 - ^k Massachusetts: Parity for substance abuse applies only in cases of co-occurring mental illness and substance abuse disorders.
 - ^l Minnesota: The statute mandates coverage for health maintenance organizations (HMOs) and "mandated, if offered" for individual and group plans.
 - ^m Nevada: Annual and lifetime dollar limits must be equal to other illnesses; cost sharing for copayments and coinsurance must not be more than 150 percent of out-of-pocket expenses for medical and surgical benefits.
 - ⁿ Pennsylvania: Statute requires parity in annual and lifetime dollar limits but only specifies that cost sharing "must not prohibit access to care."
 - ^o Texas: Statute requires "mandated benefits" for group and HMO plans and a "mandated offering" for groups of 50 or fewer.
 - ^p The Federal Mental Health Parity Act allows health plans to define the covered illnesses.