



## Colorado Behavioral Health Parity Overview

Colorado Medicaid is subject to behavioral health parity laws and rules that require mental health and substance use disorder (MH/SUD) benefits offered to enrollees to be **comparable to and no more restrictive than** the medical/surgical (M/S) benefits offered.

### Governing Authority and Timeline

- 2008** The Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act of 2008 (MHPAEA) passed, which is a federal law requiring MH/SUD benefits to be comparable to and no more restrictive than M/S benefits.
- 2010** The Affordable Care Act (ACA) expanded MHPAEA requirements by ensuring qualified health plans offered on the Health Insurance Marketplace cover behavioral health treatment and services.
- 2016** The Centers for Medicare and Medicaid Services (CMS) issued a final parity rule<sup>1</sup>, which extends parity requirements to Medicaid managed care plans, Medicaid alternative benefit plans, and Children’s Health Insurance Program (CHIP).
- 2019** Colorado House Bill 19-1269<sup>2</sup> added to state statute<sup>3</sup> a mandate for an annual evaluation and reporting on Medicaid managed care entities’ compliance with parity requirements.

### Parity Requirements

The MHPAEA and CMS final parity rule establish parity requirements in the following four areas:

#### Aggregate Lifetime and Annual Dollar Limits

Aggregate lifetime and annual dollar limits are not imposed by Medicaid or CHP+ health plans in Colorado.

#### Financial Requirements

Financial requirements include coinsurance, copayments, deductibles, and out-of-pocket maximums.

#### Quantitative Treatment Limitations (QTLs)

QTLs are limitations on the scope or duration of benefits for treatments that can be defined numerically. Examples of QTLs include limits on the number of inpatient days or outpatient visits covered.

#### Non-Quantitative Treatment Limitations (NQTLs)

NQTLs are limitations on the scope or duration of benefits for treatments that cannot be defined numerically. The following is an illustrative, but not comprehensive, list of NQTLs.

- Medical management standards limiting or excluding benefits based on medical necessity;

<sup>1</sup> Federal Register / Vol. 81, No. 61, Parts 438, 440, 456

<sup>2</sup> <https://leg.colorado.gov/bills/hb19-1269>

<sup>3</sup> Colorado Revised Statutes 25.5-5-421



- Utilization management policies and practices including prior authorization, concurrent review, and retrospective review;
- Standards for provider admission to participate in a network, including the establishment of reimbursement rates;
- Restrictions based on geographic location, facility type, provider specialty, and other criteria that limit the scope or duration of benefits or services provided.<sup>4</sup>

The MHPAEA and CMS final rule do not prohibit health plans from implementing limitations or requirements, nor do they require the limitations/requirements applied to MH/SUD benefits to be identical to those applied to M/S benefits. To comply with the MHPAEA and the CMS final rule, the limitations and requirements applicable to MH/SUD benefits must be comparable to and no more stringent than those applied to M/S benefits within a classification of benefits.

### Classifications for Assessment

The CMS parity rule identifies four classifications in which benefits are assessed for financial requirements, QTLs, and NQTLs. The four classifications are:

- Inpatient
- Outpatient
- Emergency
- Prescription Drugs

Parity compliance is assessed by comparing limitations or requirements **within each classification of benefits**. For example, inpatient benefits must be evaluated to determine if the NQTLs that exist for inpatient MH/SUD benefits are comparable to and no more restrictive than those applied to inpatient M/S benefits.

### For More Information

If you would like more information regarding behavioral health parity within Colorado's Medicaid delivery system, please visit the Department of Health Care Policy and Financing [Parity Website](#).

### Unique Parity Considerations in Colorado

There are a variety of ways members' MH/SUD and M/S benefits may be covered within Colorado's Medicaid delivery system. For example, the majority of members have their MH/SUD benefits covered by the Regional Accountable Entity, and their M/S benefits covered through a fee-for-service arrangement.

The involvement of multiple entities and payment mechanisms in the delivery of MH/SUD and M/S benefits does not inherently violate parity, but does add complexity to the annual parity evaluation.

<sup>4</sup> Federal Register / Vol. 81, No. 61, Part 440 Managed Care, § 440.395

