



Parity: Navigating the Appeals Process for Providers and Consumers

Henry Harbin, MD, Healthcare Consultant and
Former CEO and Chairman of Magellan Health

Co-Sponsored by: The National Council and NAMI





Introduction

- Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act of 2008 (MHPAEA)
 - Applies to both mental health and substance use disorder (MH/SUD) benefits
- Interim Final Regulations issued February 2, 2010 (75 Fed. Reg. 5410)
 - Agencies requested comments — may issue revisions
 - Most health plans will need to be reviewed and possibly amended in light of these rules
- Affordable Care Act of 2010
 - Beginning in 2014, applies MHPAEA to most plans



Parity – General Information on Interim Final Regulations

- Apply for plan years beginning July 1, 2010
- General rule – parity applies if a plan offers medical/surgical and MH/SUD benefits (> 50 employees)
 - Applies to Medicaid Managed Care
 - Will apply to Medicaid benchmark plans beginning in 2014
- A plan may not apply any **financial requirement** or **treatment limitation** to MH/SUD benefits in any classification that is **more restrictive** than the **predominant** requirement or limitation for **substantially all** medical/surgical benefits in the same classification



Analyzing Plan Benefits

- A requirement/limit applies to substantially all medical/surgical benefits in a classification if it applies to at least 2/3 of benefits in the classification — if not, it cannot be applied to MH/SUD benefits.
- Example: If 70% of the projected payments for inpatient, in-network medical/surgical benefits were subject to a \$15 copay.... then... no inpatient, in-network MH/SUD could be subject to a copay greater than \$15.
- MH/SUD and medical/surgical benefits must accumulate toward the same, combined deductible — separate but equal deductibles are not allowed.



Non Quantitative Treatment Limitations

Definition – not expressed numerically – list of examples:

- Medical management (e.g., utilization review, preauthorization, concurrent review, retrospective review, case management, etc.)
- Prescription drug formulary design
- Standards for provider participation in a network, including reimbursement rates
- Fail-first or step therapy protocols
- Conditioning benefits on completing a course of treatment



Know your Insurance Plan

As a Consumer:

- Identify the type of insurance policy
- Understand the terms of the insurance policy and what it does and does not cover
- Know when pre-authorization is required

As a Provider:

- Know your contracts
- Know your discounts
- Follow-up quickly on underpayments



Types of Insurance Plans

- Individual Coverage
 - Purchased by the individual not an employer
 - Today these plans are exempt, in 2014 under healthcare reform, they will have to comply with parity
- Employer Sponsored Coverage
 - Insured Plans-your employer purchased health coverage from a commercial insurer i.e. Blue Cross
 - Self-Insured Plans-employer pays for the health care costs of employees directly
- To find out if plan is self-funded or insured ask your HR department



Types of Insurance Plans, Con't

- Medicaid
 - Medicaid Managed Care Plans deliver Medicaid benefits through an agreement between a state Medicaid agency and a managed care organization.
- Managed Behavioral Health Organizations (MBHO)
 - Your plan's mental health/addictions benefits may be managed by a MBHO.
 - Employers and state Medicaid agencies can contract with MBHOs ("carve out") to provide mental health/addictions services
- State Children's Health Insurance Program



Poll Question

- Have you made a request for coverage or appealed a denial since parity was passed?
 - Yes
 - No
 - Don't Know



Most Common Denials

- Most common denials seen for people with addiction and mental health issues are:
 - Residential care
 - Partial hospitalization and intensive outpatient care for addictions
 - Prior Authorization (pre-approval)
 - Fail-first or step therapy protocols
 - Tests, services, drugs that are not deemed “medically necessary”



Managed Care Appeals Checklist

- Identify the type of insurance policy
 - Fully insured, self-insured. Individual plans are exempt
- Understand the terms of the policy
 - What it does and does not cover
- Obtain the medical necessity criteria for both the mental health/addiction and medical benefits
- Obtain the reason for the denial of care



Why File an Appeal?

- Appeals help to monitor implementation of the law
- If your plan is in violation of Parity, it is important to go through the appeals process to bring this to their attention and to influence change in practices
- To get access to the appropriate services and to get reimbursement for services provided that are covered by the insurance plans



What if Claim is Denied?

- Develop a working relationship with a customer service representative
- Re-submit the claim with a copy of the denial letter
- Request a written response outlining the reason for denial
- Know your plan's timetable for stages of appeal to ensure that you file any appeals in a timely manner



Other Requirements if Claim is Denied

- Disclosure of criteria for medically necessary determinations must be made available to participants, beneficiaries, or contracting providers on request
- The reason for any denial of benefits must be made available automatically and free of charge



How does Appeals Process Work?

- Usually two, sometimes three, levels of appeal available. An appeal must be denied at the first level before a second level appeal can be sought.
- First and Second level appeals are “internal appeals” performed by the health plan.
- First and Second level appeals must be exhausted before an “external review” can be requested.
- “External review” is conducted by a panel of individuals not involved in the initial decision.



“Internal Review” process

- Consumers are allowed to appeal when a health plan denies a claim or rescinds coverage
- Plans must give consumers detailed information about the grounds for denial of claims or coverage
- Plans must notify about the right to appeal and instruct individuals on how to begin the process
- Plans must ensure a full and fair review of the denial and
- Provide consumers with expedited process in urgent cases



Tips for Successful Appeals

- Appeals are successful when they are:
 - Presented according to the insurance plan's appeals process and timeframe.
 - Factual
 - Provide a clear purpose of the appeal letter at the beginning
 - Brief
 - **Most importantly!** The letter MUST be tailored to the specific consumers clinical needs as documented in the record and provide a clinical justification in support of the recommended treatment.



Steps to Take During An Appeal

- Ask your provider to help you
- Make sure your provider requests a special, expedited appeal for emergencies
- Confirm with insurance company that your services will be covered during the appeal
- Provider or consumer should request written notification of reason for denial
- Make sure that all deadlines are met



What if An Appeal Fails?

- Appeal Again!
 - Most insurance companies offer different levels of appeal which may involve new people
- Request an appeal review by an external party
 - A review by someone not on the insurance company's staff will be more objective
- Enlist the help of the ombudsman program or your human resources department
- Send a copy of the appeal to your state Insurance Commissioner and Member of Congress as well as the Parity Implementation Coalition.



Parity Appeals Toolkit

- The [Parity Appeals Toolkit](#) was put together by the Parity Implementation Coalition
- Step by step, walks you through the process of filing an appeal & strategies for winning disputes
- Includes model letters, checklists, helpful tips
 - Six types of appeal letters complete with backup legal analysis
 - Checklists for Consumers and Providers
 - Helpful links to State Resources



Parity Resources

- [FAQ](#)
 - Has your insurance plan violated the parity law?
 - Find out specific examples of parity law noncompliance
- [Parity Toolkit](#)
- Example: [APA Letter](#) to BCBS of Illinois
- National Council [Parity Website](#)
- Questions? StaceyL@thenationalcouncil.org

See handout for links to these and other documents.