

Mental Health Parity in Medicaid

Colorado's Medicaid Program

The State of Colorado administers Colorado's Medicaid program through its Accountable Care Collaborative (ACC). The state is divided into seven regions with the Regional Accountable Entities (RAE) operating in each ACC region. The RAE contracts were awarded through a competitive bidding process by the Department of Health Care Policy and Financing (HCPF) to five private organizations. The RAEs are responsible for administering Colorado Medicaid's capitated mental health/substance use disorder benefit, which includes paying claims and authorizing mental health/substance use disorder services. In Colorado's Medicaid program, the structure is set up that payment for services is different for medical/surgical (fee-for-service) than for behavioral health (capitated).



What is Parity?

The Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act of 2008 (MHPAEA) and related federal laws and regulations require State Medicaid agencies to ensure that Medicaid managed care organizations and Medicaid alternative benefit plans provide mental health or substance use disorder benefits that are no more stringent than those imposed upon medical and surgical benefits in the same classifications. In addition to federal law, the Legislature passed House Bill 19-1269 which requires HCPF to prepare an annual parity report to the General Assembly and to contract an external quality review organization to ensure the RAEs are in compliance with MHPAEA.¹

Parity means that health plans that offer both medical/surgical and behavioral health benefits must ensure comparability between benefits. For example, a health plan cannot apply more restrictive copays for mental health benefits than for medical/surgical benefits or have more restrictive prior authorization requirements for mental health benefits than for medical/surgical benefits. Parity does not mean equal, just comparable. In general, requirements apply to:

- Copayments, coinsurance, and out-of-pocket maximums
- Limitations on services utilization, such as limits on the number of inpatient stays or outpatient visits that are covered
- The use of care management tools
- Criteria for medical necessity determinations

1. HCPF, [Behavioral, Mental Health, and Substance Use Disorder Parity Comparative Analysis Report](#), July 31, 2020

2. [CMS, Parity Compliance Toolkit Applying Mental Health and Substance Use Disorder Parity Requirements to Medicaid and Children's Health Insurance Programs](#), January 17, 2017

Assessing Parity

The Center for Medicare and Medicaid Services (CMS) and HCPF use the following assessment and comparative analysis to ensure that mental health/substance use disorder benefits are applied no more stringently than medical/surgical benefits are determined using the following criteria: ²

1. Aggregate lifetime and annual dollar limits (AL/ADLs)—*Colorado’s Medicaid program does not impose aggregate lifetime or annual dollar limits.*

2. Financial requirements (FRs) and treatment limitations

- a. FRs such as copayments, coinsurance, deductibles, and out-of-pocket maximums
- b. Quantitative treatment limitations (QTLs): Limits on the scope or duration of benefits that are represented numerically such as visit limits or day limits –*Colorado’s Medicaid program does not impose QTLs for mental health/substance use disorder benefits.*
- c. Non-quantitative treatment limitations (NQTLs): Plans that provide coverage for mental health and substance use disorder services must offer coverage for those services at parity with medical and surgical services, specifically in the following four areas: annual and lifetime limits, treatment limitations, financial requirements, and in- and out-of-network covered benefits.

3. Availability of information

Compliance with Parity

Determining parity compliance in Colorado’s Medicaid program has multiple components that add to the complexity given that behavioral health services are provided through a capitation payment structure while medical and surgical services are paid through a fee-for-service payment structure. However, in the recent report on parity in Medicaid, as required by House Bill 19-1269, CedarBridge found no instances of parity compliance violations by the RAEs for mental health and substance use disorder benefits compared to medical and surgical benefits. ³