

MHPAEA: HOW TO DECREASE THE COST AND BURDEN OF PARITY ANALYSIS

Written by Michal Anne Pepper, Ph.D. and Shawn Thiele Sacks, LCSW



Substantial state and managed care organization (MCO) resources are expended to analyze parity compliance for Non-Quantitative Treatment Limits (NQTLs) required by the Mental Health Parity and Addiction Equity Act (MHPAEA).

The MHPAEA, effective May 21, 2016, necessitates an analysis of Mental Health/Substance Use Disorder (MH/SUD) and Medical/Surgical (M/S) benefits for parity. States were required to demonstrate initial compliance with the MHPAEA by October 2, 2017. Additional parity analysis is required whenever a state makes a change in the M/S or MH/SUD delivery system (e.g., new population, change in Plan or benefit administrator), in M/S or MH/SUD benefits (e.g., adding telemedicine), in a financial or quantitative restriction or limit, or in a policy or non-quantitative limit (e.g., application of utilization management).

The entire parity analysis process requires multiple steps, extensive data collection, and decisions by the state. Of the four components of a parity analysis (aggregate lifetime/annual dollar limits, financial requirements, quantitative treatment limits and NQTLs), the analysis of NQTLs, is the most complicated and requires consideration of a significant number of details and a considerable amount of time. This extensive data collection process requires sizeable state and MCO resources. Fortunately, a new Mercer tool, the NQTL Information Collection Engine (NICE), increases efficiency, minimizes costs, and standardizes data collection responses. By leveraging parity analysis work in states across the country, Mercer's NICE can be utilized to increase efficiency and decrease ambiguity in NQTL parity analyses.

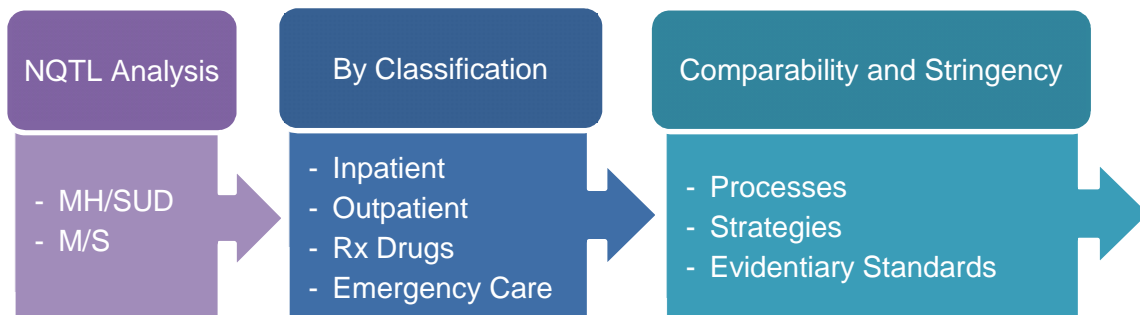
BUILDING BLOCKS OF THE NQTL ANALYSIS FOR PARITY

To demonstrate parity, the NQTL parity analysis requires an assessment of comparability and stringency between MH/SUD and M/S for the following three aspects of the NQTL.

1. **Processes:** operations to carry out the NQTL and consequences when NQTL is not met,
2. **Strategies:** the reason why the benefit has the NQTL and rigor used in application of the NQTL, and

3. **Evidentiary Standards:** the data sets or information that support the strategy for applying the NQTL to this benefit and its frequency or rigor.

The assessment of each of these elements for comparability and stringency must be completed for each of the service classifications — Inpatient, Outpatient, Emergency Care and Prescription Drugs. This analysis, depicted below, determines parity based on the comparability and stringency of MH/SUD and M/S benefits.



THE MERCER NICE TOOL EXPEDITES DATA COLLECTION

Over the last two years, Mercer consultants with expertise in clinical, operational, pharmacy and federal policy, have supported numerous states with parity analyses, conducted dozens of interviews with state personnel, and gathered parity-related information from 43 M/S MCOs, and 35 MH/SUD MCOs. Based upon an evaluation and review of detailed responses across these states and MCOs, a cross-disciplinary team of Mercer parity experts developed a list of commonly submitted responses to questions used to elicit information across a primary set of NQTLs of most interest to the Centers for Medicare and Medicaid Services (CMS). These responses were reviewed and have been deemed adequate for the support of a parity analysis by a panel of policy and regulation experts and attorneys.

The commonly submitted responses form the core of NICE. These responses, which represent thousands of hours of information collection, analysis and discussion, provide a comprehensive and standardized description of primary NQTLs. In conducting new parity analyses, state and MCO users may now choose from a set of responses to parity-related questions, as well as provide unique answers. These responses are then collected into a report which can be submitted to CMS to support parity of MH/SUD benefits.

Using NICE to collect information and produce a parity report provides several advantages over past collection procedures.

- Eliminates the use of open ended questions that require multiple meetings for clarification and revision in order to meet regulatory requirements for adequate documentation.
- Allows the user to choose from a list of standardized responses, as well as flexibility to capture individualized responses if needed.
- Standardizes responses across MH/SUD and M/S health delivery systems.
- Provides a more coherent parity analysis, with clearly defined logic and evidence to support parity conclusions.

Page 3

MHPAEA: HOW TO DECREASE THE COST
AND BURDEN OF PARITY ANALYSIS

The MHPAEA is a newly implemented regulation and associated operationalization of the parity analysis and resulting compliance reporting has been an emerging area of expertise. Industry standards are emerging. NICE helps to move this fledgling field to a new level.

For More Information, email us at mercergovernment@mercergovernment.com