
FEHB Program Carrier Letter

All Carriers

U.S. Office of Personnel Management
Office of Insurance Programs

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Fee-for-service [23] Experience-rated HMO [24] Community-rated HMO [25]

SUBJECT: Mental Health and Substance Abuse Parity

Introduction

At today's White House Conference on Mental Health Parity, the President directed the Office of Personnel Management to achieve mental health and substance abuse parity in the Federal Employees Health Benefits (FEHB) Program. Our work with health plans and others has demonstrated conclusively that this goal can be reached effectively. In its simplest form, we want to enlist your support to make plan coverage for mental health and substance abuse identical with regard to traditional medical care deductibles, coinsurance, copays, and day and visit limitations. We recognize that there are a variety of benefit design approaches that can achieve this goal. We are excited about this initiative and look forward to a cooperative introduction in the 2001 contract year.

Background

Over the past several years, the FEHB Program has been moving toward mental health and substance abuse parity. We eliminated lifetime and annual maximums in the FEHB Program. We negotiated with health plans to move away from contractual day and visit limitations and high deductibles, copayments, and coinsurance for mental health coverage. For 1999, pharmacotherapy, medical visits and testing to monitor drug treatment for mental conditions were covered as pharmaceutical disease management. We encouraged the use of Preferred Provider Organizations and utilization management to improve mental health benefits, and we allowed some mental health improvements as an exception to our normal policy of only accepting cost-neutral benefit changes. Finally, we have not accepted proposed reductions in the value of mental health benefits. While we had good success, more work is needed.

We reviewed research by the National Advisory Mental Health Council, the National Alliance for the Mentally Ill, the Substance Abuse and Mental Health Services Administration, and others. We also considered recommendations of the National Institutes of Mental Health. These sources indicated a growing consensus on key issues of the effectiveness of treatment and the efficiency of managed delivery systems in providing care.

At our 1998 carrier conference, we hosted a panel of experts on mental health and substance abuse services. Their presentations stimulated a lively discussion on how managing behavioral health care can affect the cost, comprehensiveness, and quality of mental health and substance

abuse services in an employer-sponsored health benefits program. Many of you expressed an interest in using the information provided to enhance programs within your plans. These activities coincided with other factors such as legislative action at the State level, insurance industry trends, recent advances in treatment, and the proven ability of managed behavioral health care organizations to control costs.

Action

We are convinced that mental health and substance abuse parity can be introduced, using appropriate care management, in a way that expands the range of benefits offered and holds costs to a minimum. We believe that parity can be delivered in a fully coordinated managed behavioral health environment that incorporates techniques such as case management, authorized treatment plans, gatekeepers and referral mechanisms, contracted networks, pre-certification of inpatient services, concurrent review, discharge planning, retrospective review, and disease management. We hope to partner with you in creating options that will work best for your plan.

We encourage you to start planning your implementation strategy now, since contractual arrangements take time to put into place. By working together, we can ensure a smooth transition to parity in 2001.

If you have any questions regarding this letter, please contact your contract representative.

Sincerely,

(signed)

Frank D. Titus
Assistant Director
for Insurance Programs