

Mental Health Providers and Medicare in the Health Care Reform Environment of 2010



There are three new laws taking effect in 2010 that affect mental health providers and coverage under Medicare, Medicaid, and private insurance.

Existing Rules for Medicare Payments for Mental Health Services

The National Health Policy Forum published a paper, available on the Web, which provides a summary of existing mental health benefits under the Medicare program. It notes in part:

Independent mental health providers eligible for direct payment from Medicare include physicians, psychologists, social workers, psychiatric nurse specialists, and nurse practitioners with the equivalent of a master's degree in psychotherapy. Some providers, such as licensed professional clinical counselors and marriage and family therapists, can deliver services to Medicare beneficiaries, but the services must be billed under the supervision of a physician or other Part B–approved "independent practitioner," such as a clinical psychologist, on an "incident to" basis.

(The Basics, Medicare's Mental Health Benefits, NHPF, 2/14/07)

Health Reform Law

The new Health Reform law does not appear to give any additional providers new Medicare payment entitlement. However, it does do two things that are important to providers of mental health services:

- It extends through 2010 the 5% increase in reimbursement for mental health services under Medicare, which had expired on 1/1/2010;
- It includes mental health and substance use disorder in the essential benefits package for all private plans offered through the state exchanges.

The Mental Health Parity and Addiction Equity Act of 2008

The Mental Health Parity and Addiction Equity Act of 2008 took effect on January 1, 2010. It does not apply to Medicare, but does apply to Medicaid managed care plans and to all group health plans of employers of more than 50 employees, including those not covered by state laws (which are still in effect as well). According to the American Psychiatric Association, it "ends inequities in health insurance benefits between mental health/substance use disorders and medical/surgical benefits for group health plans with more than 50 employees. [It]... applies to all financial requirements in health insurance plans, including lifetime and annual dollar limits, deductibles, co-payments, coinsurance, out-of-pocket expenses, and to all treatment limitations including frequency of treatment, number of visits, days of coverage and other similar limits. Insurance plans will no longer be able to apply a different deductible for mental health services than they do for physical health services, or more restrictive limits to the number of treatment sessions or days of hospital stays."

-- <http://www.apa.org/helpcenter/parity-law.aspx>

Medicare Improvements for Patients and Providers Act (MIPPA)

The Medicare Improvement for Patients and Providers Act (MIPPA) was passed in July 2008, and one of its purposes was to address the issue of parity in Medicare, by phasing parity in from 2010 through 2014. In January 2010, the Medicare coinsurance rate increased from 50% to 55%. It will continue to increase each year until it reaches 80% in 2014, achieving parity with other health services.

--Paul Gionfriddo

Paul Gionfriddo is a former local and state elected official and nonprofit executive currently living in Florida. He has consulted widely on health policy issues over a thirty year career. Source materials for this paper are available on request from Mr. Gionfriddo and inquiries can be addressed to him at gionfriddopaul@gmail.com.