



Focus Area:

Mental Health Insurance Parity

Case Study:

Illinois' Mental Health Parity Laws

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Illinois leads the nation in mental health insurance parity. ParityTrack, a collaborative forum that studies parity implementation across the U.S., gave Illinois the highest insurance parity rating of 100 out of 100 points in a 2018 state-by-state analysis.¹ Illinois also was one of 17 states to pass model legislation requiring insurers to demonstrate compliance on an annual basis since 2018.²

Mental health issues can be just as debilitating as physical health issues, yet health insurance providers often privilege coverage for physical ailments over behavioral health conditions. Federal and state laws address this discrepancy by requiring mental health insurance parity (i.e. the notion that insurance plans should cover mental health conditions the same as other medical conditions).³ These laws do not necessarily guarantee access to affordable mental health insurance coverage, only parity with coverage for other health conditions. As encapsulated by ParityTrack, parity is about “fairness and equal rights” for millions of Americans struggling with untreated mental health conditions.⁴

Illinois' parity statutes regulate three categories of health insurance: individual, large employer fully insured, and small employer fully insured plans. Individual plans are those plans that people can purchase for themselves. These are most often used by people who have insufficient or nonexistent employer health insurance. Employer fully insured plans are purchased by employers to provide employee health care coverage. These insurance plans are further divided based on the size of an employer's workforce: large employers have 51 or more employees while small employers have 50 or fewer.⁵

INDIVIDUAL PLANS

Plans that people can purchase for themselves. These are most often used by people who have insufficient or nonexistent employer health insurance.

LARGE OR SMALL EMPLOYER FULLY INSURED PLANS

Plans are purchased by employers to provide employee health care coverage. These insurance plans are further divided based on the size of an employer's workforce. Large employers have 51 or more employees while small employers have 50 or fewer.

Illinois parity laws also reference inpatient, outpatient, and residential mental health treatments. Inpatient care includes those services given in a hospital after admission, while outpatient care involves treatment for individuals who can go home afterwards. Residential treatment is the most intensive care option and often is used to alleviate substance use disorders. It is delivered in a setting where the patient stays in the treating facility 24 hours a day, seven days a week.

Illinois has three statutes concerning mental health insurance parity: 215 ILCS 5/370c *Mental and emotional disorders*;⁶ 215 ILCS 5/370c.1 *Mental, emotional, nervous, or substance use disorder or condition parity*;⁷ and 215 ILCS 5/356z.14 *autism spectrum disorders*.⁸ The state prohibits all disparities in insurance coverage (i.e., both quantitative and non-quantitative) between behavioral health treatments and treatments for other health conditions. It



Insurance providers limit treatment coverage in a variety of quantitative and nonquantitative ways, but mental health insurance parity laws require all limitations imposed on mental health care to be no

stricter than those imposed on health care for other medical conditions. Quantitative treatment limitations can be measured with numbers⁹ while nonquantitative limitations cannot. Quantitative limitations can include outpatient visit limitations, inpatient day limits, coinsurance or copayments, deductibles, and annual caps on reimbursement.¹⁰ Nonquantitative limitations, on the other hand, include geographic restrictions, facility type restrictions, utilization management, prior authorization, fail-first protocol, prescription medication formularies, etc.¹¹

requires that all individual plans, large employer fully insured plans, and small employer fully-insured plans that provide behavioral health service coverage must ensure that financial requirements and treatment limitations for mental health treatments match those imposed on other medical conditions. In fact, Illinois explicitly requires parity across several quantitative treatment limitations; these include financial requirements, annual and lifetime maximums, and annual and lifetime limits.

Health insurance plans cannot use annual or lifetime maximums — or use annual and lifetime limits¹² — for mental health treatments unless the same maximums/limits also are applied to other medical services. Insurance maximums are the highest yearly or lifetime dollar amount an insurance plan will pay for health treatments. Insurance limits are the highest yearly or lifetime number of inpatient days or outpatient visits an insurance plan will pay for health treatments. Plans that do have such maximums or limits on other medical services must either 1) have both mental health and other medical services count toward combined limits/maximums or 2) have the limits/maximums for mental health treatments be equal to (or no less than) the ones applied to other medical services.

Large employer fully insured plans must extend their coverage beyond individual and small employer fully insured plans. They are required to cover substance use disorders and ‘serious mental illness,’ which is defined to include the following conditions:

- Schizophrenia
- Paranoid and other psychotic disorders
- Bipolar disorders (hypomanic, manic, depressive, and mixed)
- Major depressive disorders (single episode or recurrent)
- Schizoaffective disorders (bipolar or depressive)
- Pervasive developmental disorders

- Obsessive-compulsive disorders
- Depression in childhood and adolescence
- Panic disorders
- Post-traumatic stress disorders (acute, chronic, or with delayed onset)
- Anorexia nervosa and bulimia nervosa

In addition, large employer fully insured plans must cover no less than 45 days of inpatient care and 60 days of outpatient care for these serious mental illnesses, regardless of what coverage is in place for other medical care. Residential care for substance use disorders must include residential treatment. In this way, Illinois mental health insurance laws go beyond parity by requiring mental health service beyond coverage afforded to other medical conditions. If a small employer fully insured plan covers these serious mental illnesses or any other behavioral health condition, then

they also must follow these floors on visits and day coverage. Finally, Illinois law prohibits any lifetime limits for days of inpatient care or visits for inpatient care.

Enforcement/oversight provisions

The section of Illinois law on serious mental illnesses has a detailed subsection about medical necessity reviews. It states that if there is a dispute between an insurance plan and the patient's provider about whether a certain treatment is medically necessary, a review will be made by another provider in the same specialty as the patient's provider. This provider will be jointly selected by the patient, the patient's provider, and the insurance plan. In most states, only the insurance plan can select the provider that performs medical necessity reviews. For substance use disorder medical necessity reviews, plans are required to follow the criteria set by the American Society of Addiction Medicine.

Endnotes

- 1 "Evaluating State Mental Health and Addiction Parity Statutes: State Report Card Illinois," ParityTrack, September 2018.
- 2 Tim Clement, "Parity: Background & Recent Developments," Presentation to State Mental Health Policy Advisory Group, July 23, 2021.
- 3 "Parity Glossary," Parity Track.
- 4 Ibid.
- 5 Ibid.
- 6 Illinois Compiled Statutes 215 ILCS 5/370c "Mental and emotional disorders," Illinois General Assembly.
- 7 Illinois Compiled Statutes 215 ILCS 5/370c.1 "Mental, emotional, nervous, or substance use disorder or condition parity," Illinois General Assembly.
- 8 Illinois Compiled Statutes 215 ILCS 5/356z.14 "Autism spectrum disorders," Illinois General Assembly.
- 9 "Parity Glossary," Parity Track
- 10 Ibid.
- 11 Ibid.
- 12 Ibid.

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