

**DEPARTMENT OF LABOR****Employee Benefits Security Administration****29 CFR Part 2590****RIN 1210-AA62****Mental Health Parity****AGENCY:** Employee Benefits Security Administration, Department of Labor.**ACTION:** Interim final amendment to regulation.

**SUMMARY:** This document contains an interim final amendment to modify the sunset date of interim final regulations under the Mental Health Parity Act (MHPA) to be consistent with legislation passed during the 107th Congress.

**DATES:** Effective date. The interim final amendment is effective December 2, 2002. Applicability dates. The requirements of the interim final amendment apply to group health plans and health insurance issuers offering health insurance coverage in connection with a group health plan beginning December 2, 2002. The MHPA interim final amendment extends the sunset date from December 31, 2002 to December 31, 2003. Pursuant to the extended sunset date, MHPA requirements apply to benefits for services furnished before December 31, 2003.

**FOR FURTHER INFORMATION CONTACT:**

Mark Connor, Employee Benefits Security Administration, Department of Labor, at (202) 693-8335. Customer Service Information: Individuals interested in obtaining additional information on the Mental Health Parity Act and other health care laws may request copies of Department of Labor publications concerning changes in health care law by calling the EBSA Toll-Free Hotline at 1-866-444-3272. Information on the Mental Health Parity Act and other health care laws is also available on the Department of Labor's Web site (<http://www.dol.gov/ebsa>).

**SUPPLEMENTARY INFORMATION:****A. Background**

The Mental Health Parity Act of 1996 (MHPA) was enacted on September 26, 1996 (Pub. L. 104-204, 110 Stat. 2944). MHPA amended the Employee Retirement Income Security Act of 1974 (ERISA) and the Public Health Service Act (PHS Act) to provide for parity in the application of annual and lifetime dollar limits on mental health benefits with dollar limits on medical/surgical benefits. Provisions implementing MHPA were later added to the Internal

Revenue Code of 1986 (Code) under the Taxpayer Relief Act of 1997 (Pub. L. 105-34, 111 Stat. 1080).

The provisions of MHPA are set forth in Part 7 of Subtitle B of Title I of ERISA, Chapter 100 of Subtitle K of the Code, and Title XXVII of the PHS Act.<sup>1</sup> The Secretaries of Labor, the Treasury, and Health and Human Services share jurisdiction over the MHPA provisions. These provisions are substantially similar, except as follows:

- The MHPA provisions in ERISA generally apply to all group health plans other than governmental plans, church plans, and certain other plans. These provisions also apply to health insurance issuers that offer health insurance coverage in connection with such group health plans. Generally, the Secretary of Labor enforces the MHPA provisions in ERISA, except that no enforcement action may be taken by the Secretary against issuers. However, individuals may generally pursue actions against issuers under ERISA and, in some circumstances, under State law.

- The MHPA provisions in the Code generally apply to all group health plans other than governmental plans, but they do not apply to health insurance issuers. A taxpayer that fails to comply with these provisions may be subject to an excise tax under section 4980D of the Code.

- The MHPA provisions in the PHS Act generally apply to health insurance issuers that offer health insurance coverage in connection with group health plans and to certain State and local governmental plans. States, in the first instance, enforce the PHS Act with respect to issuers. Only if a State does not substantially enforce any provisions under its insurance laws will the Department of Health and Human Services enforce the provisions, through the imposition of civil money penalties. Moreover, no enforcement action may be taken by the Secretary of Health and Human Services against any group health plan except certain State and local governmental plans.

**B. Overview of MHPA**

The MHPA provisions are set forth in section 712 of ERISA, section 9812 of the Code, and section 2705 of the PHS Act. MHPA applies to a group health plan (or health insurance coverage offered by issuers in connection with a group health plan) that provides both medical/surgical benefits and mental

health benefits. MHPA's original text included a sunset provision specifying that MHPA's provisions applied to benefits for services furnished before September 30, 2001. On December 22, 1997 the Departments of Labor, the Treasury, and Health and Human Services issued interim final regulations under MHPA in the **Federal Register** (62 FR 66931). The interim final regulations included this statutory sunset date.

On January 10, 2002, President Bush signed H.R. 3061 (Pub. L. 107-116, 115 Stat. 2177), the 2002 Appropriations Act for the Departments of Labor, Health and Human Services, and Education.<sup>2</sup> This legislation extended MHPA's original sunset date under ERISA, the Code, and the PHS Act, so that MHPA's provisions would apply to benefits for services furnished before December 31, 2002.

On March 9, 2002, President Bush signed H.R. 3090, the Job Creation and Worker Assistance Act of 2002 (Pub. L. 107-147, 116 Stat. 21), that included an amendment to section 9812 of the Code (the mental health parity provisions). This legislation further extends MHPA's original sunset date under the Code to December 31, 2003. The Joint Committee on Taxation's technical explanation of H.R. 3090 (JCT Report) states that the January 10th amendment to MHPA restored the excise tax retroactively to September 30, 2001. Under H.R. 3090, the excise tax provision of MHPA is amended to apply to benefits for such services furnished on or after January 10, 2002 and before January 1, 2004. As indicated by the JCT Report, H.R. 3061 restored the MHPA provisions retroactively to September 30, 2001.

On September 27, 2002, the Department of Labor issued an interim final amendment for mental health parity in the **Federal Register** (67 FR 60859). The interim final amendment included the new statutory sunset date under H.R. 3061, so that MHPA's provisions would apply to benefits for services furnished before December 31, 2002. The Department made the effective date of this interim final amendment to the regulations September 30, 2001.

<sup>2</sup> During the 107th Congress, legislation was passed by the Senate to substantively amend and expand the provisions of MHPA already in place. This legislation was offered as an amendment to the provisions of H.R. 3061. The Conference Report accompanying the underlying provisions of H.R. 3061 states that instead of the amendment proposed by the Senate, the amendment to MHPA contained in H.R. 3061 extends the original sunset date of MHPA, so that MHPA's provisions apply to benefits for services furnished before December 31, 2002. H.R. Rep. 107-342, at 170 (2001).

<sup>1</sup> Part 7 of Subtitle B of Title I of ERISA, Chapter 100 of Subtitle K of the Code, and Title XXVII of the PHS Act were added by the Health Insurance Portability and Accountability Act of 1996 (HIPAA), Pub. L. 104-191.