Mental Health Parity for Wisconsin Medicaid Managed Care Plans: An Analysis

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WISCONSIN DEPARTMENT of HEALTH SERVICES
Division of Medicaid Services
Bureau of Programs & Policy
Managed Care section

Contents

Results summary

Financial requirements

No plans reported imposing financial requirements (FRs) for mental health (MH), substance use disorder (SUD), or medical/surgical (M/S) benefits.

Aggregate lifetime/annual dollar limits

No plans reported imposing aggregate lifetime/annual dollar limits (AL/ADLs) for MH, SUD, or M/S benefits.

Quantitative treatment limits

No plans reported imposing quantitative treatment limits (QTLs) exceeding those imposed by the Wisconsin fee for service (FFS) Medicaid state plan for MH, SUD, or M/S benefits.

Non-quantitative treatment limits

13 of 13 BadgerCare Plus plans reported imposing at least one non-quantitative treatment limit (NQTL).

9 of 9 Supplemental Security Income (SSI) health maintenance organization (HMO) Medicaid plans reported imposing at least one NQTL.

3 of 3 Family Care Partnership plans reported imposing at least one NQTL.

All NQTLs reported by the plans for MH and SUD benefits were comparable to, and enforced with the same stringency as, the NQTLs reported for M/S benefits within the same classification(s).

What do these results mean?

BadgerCare Plus, SSI HMO Medicaid, and Family Care Partnership plans **comply** with federal Mental Health Parity and Addiction Equity Act of 2008 (MHPAEA) requirements.

This means there is parity between the MH, SUD, and M/S benefits offered by the Wisconsin Medicaid managed care plans that serve BadgerCare Plus, SSI HMO Medicaid, and Family Care Partnership members.

Term definitions

The MHPAEA[1] (also known as the Parity Rule) requires health plans to provide MH and SUD benefits at a level that is comparable to, and no more restrictive than, those offered for M/S benefits.[2]

The MHPAEA also specifies that treatment limitations and FRs for MH and SUD benefits can be no more restrictive than the predominant treatment limitations applied to substantially all M/S benefits in the same classification.[3]

Questions and answers

What does "mental health parity" mean in the context of Medicaid managed care?

The core principle of mental health parity is treating MH and SUD benefits no less favorably—and no more restrictively—than coverage for M/S benefits.

"Parity" does not always mean being exactly the same. There are lots of special cases in the law for how parity is looked at.

What MH, SUD, and M/S benefit classifications were used for the mental health parity analysis? What do we mean by the term "classification?" What does this information mean for members?

"Classification" is another word for "category." The MHPAEA defines four different classifications for MH, SUD, and M/S benefits[4]:

- Inpatient treatment
- Outpatient treatment
- Emergency care
- Prescription drugs

Health plans must demonstrate parity in how they treat MH, SUD, and M/S benefits that fall within the same classification.

[1] Pub.L.110-343, enacted on October 3, 2008; 42 CFR 438 Subpart K
[2] 42 CFR 438.910(b)(1)
[3] 42 CFR 438.910(b)(1)
[4] 42 CFR 438.910(b)(2)(i)-(iv)

If a health plan offers MH and/or SUD treatment benefits in **any** of the MHPAEA's four health care classifications, it must provide them for **every** classification for which M/S benefits are also provided.[5]

What does this mean for members?

- **Example**: Classification 3, "Emergency Care"
  If a Medicaid managed care health plan provides coverage for both MH and SUD emergency care and M/S emergency care, the plan must also provide coverage for mental health and SUD treatment in every other classification for which M/S benefits are offered.
- **Example**: Classification 4, "Prescription Drugs"
  If a health plan does not generally cover prescription drugs for M/S treatment, it is not required to cover prescription drugs for MH or SUD treatment. This is still considered parity, because MH, SUD, and M/S benefits within the same classification are all treated in the same way.

Financial requirements and quantitative treatment limits

DHS asked plans to document that any FRs and QTLs imposed for MH and/or SUD benefits were no more restrictive than those imposed for M/S benefits in the same classification.

FRs[6] refer to member payments like deductibles, copayments, coinsurance, and out-of-pocket maximums. Generally, health plans may not impose FRs on MH and/or SUD treatment benefits that are more restrictive than those placed on M/S benefits in the same classification.

What does this mean for members?

> **Example**: health plans generally may not charge a higher deductible for emergency MH and/or SUD care (Classification 3) than they do for M/S emergency care.

QTLs[7] are restrictions on countable things. This might mean limits on the number of treatments a member can get. Or, the number of times they can visit a provider. QTLs can include yearly limits, lifetime limits, or limits on a case-by-case basis. Generally, health plans may not place QTLs on MH and/or SUD treatment benefits that are more restrictive than those placed on M/S benefits in the same classification.

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[5] 42 CFR 438.910(b)(2)
[6] 42 CFR 438.910(c)
[7] 42 CFR 438.910(c)

What does this mean for members?

> **Example**: a health plan states that a member can only receive outpatient SUD treatment once every five years (Classification 2, "Outpatient treatment"). The plan does not impose any limits on how frequently a member can receive outpatient MH or M/S treatment.
>
> This QTL for outpatient SUD treatment violates the mental health parity rule. It puts a numeric limit on outpatient SUD treatment that is more restrictive than the limits for M/S treatment (none) in the same classification.

Aggregate lifetime/annual dollar limits

Aggregate lifetime limits[8] generally refer to a limit on the dollar amount that a health plan will pay for a given type of benefit over the course of a member's lifetime.

Annual dollar limit[9] generally refers to a limit on the dollar amount that a health plan will pay for a given type of benefit during a specified period of time.

If a health plan does not include an AL/ADL on any M/S benefits, or if it includes one that applies to less than one-third of all M/S benefits, it may not impose an AL/ADL for MH and/or SUD benefits in the same classification.[10]

What does this mean for members?

> **Example:** A plan imposes an aggregate lifetime limit of $1 million dollars, with an annual dollar limit of $50,000 per year, on SUD outpatient treatment (Classification 2). It does not apply any such lifetime or annual limits on outpatient MH or M/S treatment.
>
> The aggregate lifetime and annual dollar limits on SUD treatment would not meet the requirements of the mental health parity rule because:
>
> - The plan does not impose aggregate lifetime limits for M/S benefits in the same classification.
> - The plan does not impose annual dollar limits for M/S benefits in the same classification.

[8] 42 CFR 438.905(e)(1)
[9] 42 CFR 438.905(e)(1)
[10] 42 CFR 438.905(b)

Non-quantitative treatment limits

NQTLs are health plan design features and policies that limit the scope, duration, or authorization of treatment.[11]

- NQTLs must be comparable for MH, SUD, and M/S benefits within the same classification.[12] "Comparable" means that the rules, limits, and costs for MH or SUD benefits cannot be more restrictive than those applied to M/S benefits.
- Plans must also not apply NQTLs more stringently for MH and SUD benefits than for M/S benefits. This generally means that the rules a plan sets for members to access MH or SUD treatment are not more difficult, burdensome, or more strictly enforced than the rules set for members to access M/S benefits in the same classification.[13]

What does this mean for members?

Example: A plan requires preauthorization for all inpatient MH, SUD, and M/S treatment services. Providers can call a phone number that is answered 24 hours a day, seven days a week to get preauthorization for inpatient M/S services. The phone number that providers call to get pre-authorization for inpatient MH and/or SUD services is answered between 8 a.m. and 5 p.m., Monday through Friday.

This NQTL does not meet the parity rule because:

- The preauthorization procedure for inpatient MH and SUD services is more restrictive (in terms of the overall number of hours that preauthorization is available) than the preauthorization procedure for inpatient M/S services in the same classification (Classification 1, inpatient treatment).
- The preauthorization procedure for inpatient MH and SUD services (available only during business hours, five days per week) is also more burdensome, or stringent, than the preauthorization procedure for inpatient M/S services (available 24 hours per day, seven days per week).

[11] 42 CFR 438.910(d)
[12] 42 CFR 438.910(d)(1)
[13] 42 CFR 438.910(d)(1)

What are some common types of NQTLs?

This chart lists five of the most common types of NQTLs imposed by health plans. The CMS mental health parity reporting template asks plans to submit more information about these five specific NQTL types.[14] DHS also required plans to report information for any other NQTLs they use that fall outside of this list.

NQTL types listed on CMS template	Description
Medical necessity criteria	Criteria used by a plan to determine whether treatment or services are medically necessary
Prior authorization	The plan reviews requests for care for medical necessity before treatment begins
Concurrent review	The plan reviews benefits provided on a periodic basis to ensure continued medical necessity
"Fail First" policies and/or step therapy protocols	Plans require members to try one level of treatment before another level of treatment is approved
Network standards	Standards for admitting new providers to a plan's network—these may include restrictions based on geographic location, facility type, or provider specialty type

[14] Link: CMS mental health parity reporting template for plans

Process overview

Who participated in the Wisconsin Medicaid Managed Care mental health parity analysis process?

In June 2025, DHS asked the BadgerCare Plus, SSI HMO Medicaid, and Family Care Partnership plans to document their compliance with federal parity requirements for MH, SUD, and M/S benefits, falling within each of the four benefit classifications specified by the MHPAEA.

BadgerCare Plus plans

- Anthem Blue Cross and Blue Shield Plan
- Chorus Community Health Plans (CCHP)
- Dean Health Plan
- Group Health Cooperative of Eau Claire
- Group Health Cooperative of South Central Wisconsin
- Independent Care Health Plan (iCare)
- MercyCare Insurance Company
- MHS Health Wisconsin (MHS)/Network Health Plan (NHP)*
- Molina Health Care
- Quartz
- Security Health Plan Wisconsin
- UnitedHealthcare of Wisconsin

Family Care Partnership plans

- Community Care Family Care Partnership
- Independent Care Health Plan (iCare) Family Care Partnership
- My Choice Wisconsin by Molina HealthCare Family Care Partnership

SSI HMO Medicaid plans

- Anthem Blue Cross and Blue Shield Plan
- Group Health Cooperative of Eau Claire
- iCare
- MHS/NHP*
- Molina Health Care
- Quartz
- Security Health Plan
- UnitedHealthcare of Wisconsin

*MHS is contracted to provide BadgerCare Plus and SSI HMO Medicaid benefits for NHP members. MHS administers benefits on an equal basis to members of both plans and does not differentiate between them for purposes of benefit administration policy. MHS provided a response covering all managed care members for whom they provide services, MHS and NHP members alike.

How were mental health, substance use disorder, and medical/surgical benefits defined for purposes of the mental health benefit parity analysis?

The federal MHPAEA and Wisconsin Medicaid use these definitions for each benefit type:

MHPAEA Benefit Type	MHPAEA definitions[15]	Wisconsin Medicaid definitions for MH, SUD, and M/S benefits
MH benefits	"…benefits for items or services for mental health conditions, as defined by the State and in accordance with applicable Federal and State law. Any condition defined by the State as being or as not being a mental health condition must be defined to be consistent with generally recognized independent standards of current medical practice … Mental health benefits include long term care services."	Wis. Admin. Code §§ DHS 107.13 and 107.22(4) ForwardHealth Online Handbook 2026 BadgerCare Plus and/or Medicaid SSI Contract (PDF) (Issued January 1, 2026) 2026 Family Care and Family Care Partnership Contract (PDF) (Issued January 1, 2026)

[15] 42 CFR 438.900

MHPAEA Benefit Type	MHPAEA definitions[15]	Wisconsin Medicaid definitions for MH, SUD, and M/S benefits
SUD benefits	"'Substance use disorder benefits' means benefits for items or services for substance use disorders, as defined by the State and in accordance with applicable Federal and State law. Any disorder defined by the State as being or as not being a substance use disorder must be defined so as to be consistent with generally recognized independent standards of current medical practice (for example, the most current version of the DSM, the most current version of the ICD, or State guidelines). Substance use disorder benefits include long term care services."	Wis. Admin. Code §§ DHS 107.13 and 107.22(4) ForwardHealth Online Handbook 2026 BadgerCare Plus and/or Medicaid SSI Contract (PDF) (Issued January 1, 2026) 2026 Family Care and Family Care Partnership Contract (PDF) (Issued January 1, 2026)
M/S benefits	"'Medical/surgical benefits' means benefits for items or services for medical conditions or surgical procedures, as defined by the State and in accordance with applicable Federal and State law, but do not include mental health or substance use disorder benefits. Any condition defined by the State as being or as not being a medical/surgical condition must be defined as consistent with generally recognized independent standards of current medical practice (for example, the most current version of the International Classification of Diseases (ICD) or State guidelines). Medical/surgical benefits include long term care services."	Wis. Admin. Code § DHS 107 ForwardHealth Online Handbook 2026 BadgerCare Plus and/or Medicaid SSI Contract (PDF) (Issued January 1, 2026) 2026 Family Care and Family Care Partnership Contract (PDF) (Issued January 1, 2026)

How did the mental health parity analysis process work?

DHS directed plans to use the CMS model reporting template for health plans to identify and analyze:

- AL/ADLs for each benefit type within a given classification.
- Other QTLs and FRs for each benefit type within a given classification.
- NQTLs for each benefit type within a given classification.

Staff in DHS' Division of Medicaid Services reviewed each plan's completed mental health parity reporting template to check their compliance with MHPAEA requirements.

DHS review process: AL/ADL use by plans

DHS asked each plan to report whether they imposed AL/ADLs on MH, SUD, or M/S benefits.

- If a plan reported 'No,' they did not need to provide further information.
- If a plan reported 'Yes," they were required to provide additional information regarding their use of each type of AL/ADL, including details for how it is imposed, along with supporting documentation.

No plans reported imposing an AL/ADL for any of the three benefit types, for any classification.

DHS review process: FR use by plans

DHS asked each plan to report whether they imposed FRs on MH, SUD, or M/S benefits.

- If a plan reported 'No,' they did not need to provide further information.
- If a plan reported 'Yes,' they were required to provide additional information regarding their use of each type of FR, including details for how it is imposed, along with supporting documentation.

No plans reported imposing an FR for any of the three benefit types, for any classification.

DHS review process: QTL use by plans

DHS asked each plan to report whether they imposed QTLs on MH, SUD, or M/S benefits.

- If a plan reported 'No,' they did not need to provide further information.
- If a plan reported 'Yes,' they were required to provide additional information regarding their use of each type of QTL, including details for how it is imposed, along with supporting documentation.

No plans reported imposing QTLs for MH, SUD, or M/S benefits that exceed those imposed by the Wisconsin FFS Medicaid state plan.

DHS review process: NQTL use by plans

DHS asked each plan to report whether they imposed any of the five types of NQTLs specified in the CMS reporting template.

- If a plan reported 'No,' they did not need to provide further information.
- If a plan reported 'Yes,' they were required to provide additional information regarding their use of each type of NQTL, including details for how it is imposed, along with supporting documentation.
- Plans were also required to report if they used any other types of NQTLs that were not otherwise listed on the template.

Each plan reported using at least one NQTL for MH, SUD, and/or M/S benefits.

DHS staff reviewed the information that each plan reported for each of the NQTLs. Staff also reviewed the supporting documents for each NQTL, including clinical guidelines, prior authorization policies, network credentialing criteria, and provider manuals.

Each of the plans met mental health parity requirements for their use of NQTLs.

Conclusion

BadgerCare Plus, SSI HMO Medicaid, and Family Care Partnership plans **comply** with the requirements set by the federal mental health parity rule.

Find a detailed results summary at the beginning of this report.