

Mental Health Act

The Mental Health Parity Act of 1996 (MHPA) prohibits group health plans and insurance companies, who offer mental health benefits, from setting annual or lifetime limits on mental health benefits that are lower than those limits set for any other condition. For example, if a plan does not impose an annual or lifetime limit on benefits paid out for surgery, then it cannot impose limits on mental health benefits. The MHPA requirements apply to group health plans for plan years beginning on or after January 1, 1998, through September 31, 2001. There are two exemptions to this law. It does not apply to small employers (2 to 50 employees) or to group health plans whose costs would increase one percent or more as a result of compliance.

Penalties for noncompliance: \$100 per day for each day a failure occurs.