



**ARKANSAS INSURANCE DEPARTMENT
LEGAL DIVISION**

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**RULE AND REGULATION 71
MENTAL HEALTH PARITY**

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Section 1. Purpose

The purpose of this regulation is to set forth standards for eligible health care insurers to follow in certifying that the application of "The Arkansas Mental Health Parity Act", Act 1020 of 1997 (codified at Ark. Code Ann. §§ 23-99-501, et seq.), to a particular health benefit plan, will result in an increase in the cost under the plan of at least one and one-half percent (1.5%).

Section 2. Authority and Scope

This regulation is promulgated pursuant to the authority granted to the Arkansas Insurance Commissioner ("Commissioner") by Ark. Code Ann. §§ 23-99-510, 23-61-108 and 25-15-201 et seq. It is intended to apply to health benefit plans as defined under Ark. Code Ann. § 23-99-503(4).

Section 3. Effective Date

The provisions of this regulation shall be effective August 1, 1998, upon statutory filing per Arkansas law.

Section 4. Increased Cost Exemption Requirements

a. State Requirements

Pursuant to Ark. Code Ann. § 23-99-505, the provisions of "the Arkansas Mental Parity Act" shall not apply to health benefit plans, if the Act's application to such plans will result in an increase in the cost under the health benefit plan of at least one and one-half percent (1.5%). In

order for a health care insurer to seek this increased cost exemption, it must provide the Arkansas Insurance Department (“Department”) an actuarial certification with supporting documentation, that costs will increase one and one-half percent (1.5%) or more. This actuarial certificate and accompanying documentation may be based on either a retrospective or prospective basis. It shall consider all Actuarial Standards of Practice, including but not limited to Actuarial Standards of Practice 5, 8, 16 and 23.

This actuarial certificate and documentation shall be provided at the time of filing of individual policy forms and group policy forms or certificates, and/or the filing of rates, rate increases, and rate certifications as required in the small group market. In addition, all domestic health care insurers shall make the actuarial certifications available to Department Examiners at the time of a financial examination, for all products that are sold in the State of Arkansas. Note, that if the actuarial certificate and documentation that are filed with the Department demonstrate that costs exceed one and one-half percent (1.5%), offers of coverage need not be made.

b. Federal Requirements

Pursuant to the federal “Mental Health Parity Act of 1996”, its provisions shall not apply to small employers who have between two (2) and fifty (50) employees or to any group health plan whose costs increase one percent (1%) or more due to its application. Therefore, upon the filing of a group policy or certificate applicable to more than fifty (50) lives, the Department will seek verification of whether mental health benefits will, in fact, be offered. If they are offered, the Department will seek verification that the annual and lifetime limits are equal to those provided for medical coverage. If mental health benefits are offered and annual and lifetime limits are not equal to similar medical coverage limits, then the health care insurer shall provide an actuarial certification that the cost calculated retrospectively, has increased by one percent (1%) or more, with supporting documentation based on the appropriate Actuarial Standards of Practice including but not limited to those referenced in Section 4(a) above.

Section 5. Severability

Any section or provision of this regulation held by a court to be invalid or unconstitutional will not affect the validity of any other section or provision of this regulation.

MIKE PICKENS
INSURANCE COMMISSIONER
STATE OF ARKANSAS

DATE