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District Court Denies Motion to Dismiss Mental Health Parity Act Putative Class Action

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In the latest volley between participants and **group health plans** over **mental health services coverage**, a federal district court in California denied United Healthcare's motion to dismiss a putative class action challenging the reimbursement rates for out-of-network mental health services. In this case, the plaintiffs alleged that UHC reduced reimbursement rates for out-of-network services by 25% for services provided by a psychologist and by 35% for services provided by a masters level counselor in **violation of the Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act** of 2008 (the "Parity Act").

The Parity Act, which we have blogged about previously, requires that, if a group health plan or health insurance issuer provides medical/surgical benefits and mental health and substance use disorder (MH/SUD) benefits, the financial requirements and treatment limitations applicable to MH/SUD benefits cannot be more restrictive than those that apply to medical/surgical benefits.

The court ruled that plaintiffs stated a plausible claim under the Parity Act. In so ruling, the court first concluded, over UHC's objections, that plaintiffs could pursue multiple theories as to how the reimbursement adjustment violated the Parity Act—including alleging that the restriction was an impermissible financial requirement, quantitative treatment limitation and nonquantitative treatment limitation. Next, the court rejected UHC's argument that plaintiffs failed to state a claim because the complaint did not identify a medical/surgical benefit comparable to the MH/SUD benefits at issue and did not allege that the reimbursement policy was applied more stringently to the MH/SUD benefits than the comparable medical/surgical benefit. The court explained that it was sufficient for the complaint to allege that the defendant had singled out MH/SUD services for disparate treatment by applying the reimbursement adjustment to MH/SUD services only. According to the court, plaintiffs did not need to identify a medical/surgical analogue that was not subject to a comparable reimbursement adjustment.

The case is *Smith v. United Healthcare Insurance Co.*, No. 18-cv-06336-HSG (N.D. Cal. July 18, 2019).

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