

Advancing Leadership in Mental Health and Substance Use Disorder Parity





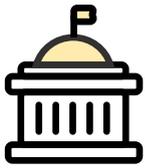
Illinois has taken significant and nationally recognized steps to advance mental health and substance use disorder (MH/SUD) parity. Through statutory reform, enforcement actions, and adoption of Generally Accepted Standards of Care (GASC), the State has built a strong foundation for protecting consumers and ensuring equitable access to care.

The next phase of parity reform in Illinois is not about creating new frameworks. It is about fully implementing, operationalizing, and institutionalizing the strongest parity standards now available.

In September 2024, federal regulators finalized comprehensive updates to the Mental Health Parity and Addiction Equity Act (MHPAEA). These rules strengthened the law's focus on real-world access, required data-driven oversight, clarified enforcement authority, and closed longstanding compliance loopholes. At the same time, Illinois has enacted reforms—particularly around GASC—that position the State to lead nationally.

The enclosed addenda outline targeted, high-impact steps Illinois can take to solidify and expand its leadership in parity enforcement across six key domains.





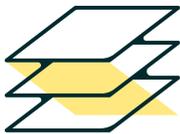
State Codification of the 2024 Federal Parity Rule

Codifying the 2024 federal MHPAEA regulations into Illinois law will preserve and strengthen protections for residents in state-regulated plans, ensure enforcement continuity, and protect against future federal rollback.



Generally Accepted Standards of Care (GASC)

Illinois has already enacted strong statutory requirements aligning medical necessity determinations with independent clinical standards. The next step is regulatory implementation and active oversight to ensure proprietary or economically driven criteria are not used in practice.



Corrective Enforcement Actions

Illinois has demonstrated leadership through significant parity-related fines. Building a structured, benchmark-driven corrective action framework will ensure sustained compliance and meaningful consumer restitution.



Data Collection, Evaluation, and Reporting

Parity compliance must be measured in operation. Standardized annual reporting, disaggregated MH and SUD data, and public transparency tools will strengthen oversight and accountability. Directed investigation based on the **Mental Health Parity Index** will also accelerate oversight based on standard metrics.



Medicaid Managed Care Oversight

Embedding explicit parity obligations into managed care contracts, procurement processes, and payment structures will ensure Medicaid beneficiaries receive the protections guaranteed under federal and state law.



Network Adequacy

Strengthening validation of network access—particularly through operational data, disaggregated standards, and enforcement triggers—will ensure that coverage translates into timely, meaningful care.

Taken together, these reforms form a cohesive implementation strategy. They align statutory authority, regulatory clarity, enforcement structure, and transparency into a unified parity framework.

Illinois does not need to start from scratch. The State already possesses:

- Strong statutory foundations,
- Enforcement authority,
- Data infrastructure,
- The Mental Health Parity Index,
- Managed care contracting leverage,
- Clinical standards protections.

The recommendations in these briefs are designed to build upon those strengths and move Illinois from parity compliance “on paper” to measurable parity in operation.

By codifying the 2024 federal rule, strengthening GASC implementation, institutionalizing corrective enforcement structures, enhancing data transparency, embedding parity in Medicaid oversight, and validating network access, Illinois can ensure that parity protections translate into real access to mental health and substance use disorder care for residents across the State.

Illinois has already demonstrated leadership. The steps outlined in this package provide a clear path to sustaining and deepening that leadership in the years ahead.

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Codifying the 2024 Federal MHPAEA Final Rule into Illinois Law

Purpose and Relevance to Illinois

In September 2024, the U.S. Departments of Labor, Health and Human Services, and Treasury issued comprehensive updates to the federal Mental Health Parity and Addiction Equity Act (MHPAEA) regulations (89 Fed. Reg. 77586 et seq.). These rules significantly strengthen parity enforcement by:

- Requiring data-driven evaluation of non-quantitative treatment limitations (NQTLs),
- Establishing a “material difference in access” standard,
- Clarifying prohibitions on discriminatory evidentiary standards,
- Strengthening comparative analysis content requirements, Expanding transparency and enforcement mechanisms.

Federal parity regulations establish a floor—not a ceiling. States retain broad authority to impose stronger protections and to codify federal standards into state law for plans they regulate.

Illinois has been a national leader in parity enforcement, corrective actions, and GASC reform. The next step is straightforward:

Illinois should codify the 2024 federal parity regulations into state statute as soon as possible.

Codification ensures continuity of protections, strengthens state enforcement authority, and protects Illinois residents regardless of future federal regulatory shifts.

Current Illinois Framework: What Illinois Has in Place

Illinois already has a robust parity statutory framework.

State Parity Statutes

Illinois law incorporates federal MHPAEA standards and grants DOI enforcement authority over state-regulated plans.

Illinois has:

- Active parity enforcement history,
- Authority to conduct market conduct examinations,
- Authority to require corrective action,
- Authority to impose penalties for violations.

Gold standard states separate provider categories to ensure networks reflect the full continuum of care.

Opportunity: Adopt disaggregated MH and SUD network standards by specialty and level of care.

Generally Accepted Standards of Care (GASC)

Illinois has strengthened parity protections through statutory requirements that medical necessity determinations align with Generally Accepted Standards of Care (GASC), reinforcing parity-aligned clinical decision-making.

NQTL Oversight and Comparative Analysis

Infrastructure

Illinois DOI has required documentation related to NQTL compliance and conducts parity-focused market conduct examinations.

However, Illinois statute does not yet fully codify all structural components of the 2024 federal final rule, including:

- The material difference in access standard,
- The expanded definition and classification rules,
- The strengthened comparability and stringency test in operation,
- The full comparative analysis content requirements,
- Mandatory enrollee notification upon final noncompliance determinations,
- Explicit authority to require cessation of noncompliant NQTLs.

Codification would close these gaps.

Why Codification Matters Now

Preserve and Protect the 2024 Federal Standards

Federal regulations can be modified, delayed, or rescinded by future administrations. Codifying the 2024 rule into Illinois law ensures that:

- Protections remain in place regardless of federal regulatory changes,
- Illinois retains independent enforcement authority,
- Residents in fully insured plans are not exposed to federal policy volatility.

Strengthen State Enforcement Authority

While Illinois can enforce federal parity standards, codification:

- Clarifies DOI authority to demand compliance,
- Allows Illinois to impose state-level penalties tied directly to state statute,
- Strengthens enforcement leverage in corrective action negotiations.

Align Illinois Law with the Strongest Parity Standards Nationwide

The 2024 rule:

- Requires plans to evaluate outcomes data and identify material differences in access,
- Prohibits reliance on discriminatory evidentiary standards,
- Requires detailed comparative analysis documentation,
- Expands transparency rights for consumers,
Establishes structured enforcement timelines and remedies.

Codifying these provisions ensures Illinois remains aligned with the strongest parity framework available.

Key Provisions Illinois Should Codify

Illinois can codify the 2024 rule either by direct incorporation by reference or by reproducing its components in statute.

At a minimum, codification should include:

Definitions and Classification Standards

- Require alignment of MH, SUD, and medical/surgical definitions with the most current ICD and DSM.
- Prevent misclassification of conditions such as autism spectrum disorder, eating disorders, and co-occurring conditions.

Meaningful Benefits Standard

While Illinois can enforce federal parity standards, codification:

- Require meaningful MH/SUD coverage in every classification in which medical/surgical benefits are offered.
- Define “core treatment” consistent with generally accepted standards of care.

NQTL Prohibition on Discriminatory Factors

- Codify the prohibition on biased or non-objective evidentiary standards.
- Prohibit reliance on historical data from periods of noncompliance.
- Require corrective steps when discriminatory factors are identified.

Outcomes Data and Material Difference Standard

- Require plans to collect and evaluate relevant outcomes data.
- Prohibit disregard of data suggesting material differences in access.
- Authorize DOI to specify required data elements.

Recommended required data elements include:

- Denial rates,
- Appeal and overturn rates,
- In- and out-of-network utilization,
- Network adequacy metrics,
- Provider reimbursement benchmarks.

Full Comparative Analysis Requirements

- Codify the complete six-part comparative analysis structure.
- Require annual submission to DOI.
- Require submission within defined timelines upon request.
- Allow DOI to deem analyses insufficient without a cure period.

Consumer Access to Comparative Analyses

- Require state-regulated plans to provide comparative analyses to enrollees or their authorized representatives upon request at any time.
- Prohibit withholding of information as proprietary.

Enforcement and Cessation Authority

- Require enrollee notification within defined timelines upon final determination of noncompliance.
- Authorize DOI to direct cessation of a noncompliant NQTL.
- Tie violations to state penalty authority.
- Establish meaningful financial penalties that deter noncompliance.

Recommended Action Steps for Illinois

Immediate (Legislative)

- Introduce legislation incorporating the 2024 federal parity regulations in full, either by:
 - Direct reference to 89 Fed. Reg. 77586 et seq., or
 - Codification of all substantive provisions in state statute.
- Include explicit authority for DOI to require annual submission of NQTL comparative analyses.

Enforcement Alignment

- Codify timelines for:
 - Submission of comparative analyses,
 - Corrective action responses,
 - Enrollee notification,
 - Cessation of noncompliant NQTLs.
- Establish meaningful financial penalties tied to:
 - Number of affected enrollees,
 - Duration of noncompliance,
 - Failure to submit sufficient analyses.

Conclusion

Illinois has already demonstrated national leadership in parity enforcement, corrective action, and clinical standards reform. Codifying the 2024 federal parity final rule into state law is the logical next step.

Doing so will:

- Preserve strong parity protections,
- Strengthen state enforcement authority,
- Protect Illinois residents from federal regulatory rollback,
- Ensure sustained, data-driven oversight of access to mental health and substance use disorder care.

Codification is not a policy expansion—it is a necessary step to secure and institutionalize protections that Illinois residents already deserve.

This summary highlights key considerations. For comprehensive guidance, technical assistance, and model statutory language, refer to our full Gold Standard toolkit below.

[Read more](#)



Advancing Implementation and Enforcement of Generally Accepted Standards of Care (GASC)

Purpose and Relevance to Illinois

Illinois is one of the leading states in codifying the use of Generally Accepted Standards of Care (GASC) in medical necessity determinations. Through Public Act 102-0579 and subsequent strengthening legislation (including HB 4650 and SB 2896), Illinois requires insurers to base medical necessity determinations for mental health and substance use disorder (MH/SUD) treatment on standards that are generally recognized by independent professional clinical organizations.

This statutory framework positions Illinois at the forefront of parity-aligned medical necessity reform. The next phase of leadership is ensuring that these protections are implemented comprehensively, consistently, and in practice.

This addendum focuses not on new statutory mandates, but on regulatory implementation, oversight rigor, and enforcement mechanisms to ensure that Illinois law functions as intended.

Current Illinois Framework: What Illinois Has in Place

Illinois law now provides strong statutory protections governing utilization review and medical necessity determinations.

Statutory Definition of GASC

Illinois defines “generally accepted standards of care” as standards recognized by health care providers practicing in relevant clinical specialties and grounded in:

- Peer-reviewed scientific studies and medical literature,
- Recommendations of nonprofit professional associations and specialty societies,
- Federal agency recommendations,
- FDA-approved labeling.

This definition explicitly excludes reliance on criteria developed primarily for economic benefit.

Statutory Definition of Medical Necessity

Illinois law requires that medical necessity determinations:

- Be in accordance with GASC,
- Be clinically appropriate in type, frequency, extent, site, and duration,
- Not be primarily for the economic benefit of the insurer.

This language closely aligns with the Ramstad model and federal parity principles.

Application to MH/SUD Utilization Review

Illinois requires insurers to base medical necessity determinations for MH/SUD services on current GASC. This significantly restricts reliance on proprietary or for-profit utilization review criteria that are not transparently aligned with nonprofit clinical standards.

Importantly, Illinois expanded GASC protections beyond MH/SUD to apply to all health care services under the Health Care Protection Act, creating a uniform framework across benefit categories.

Key Opportunities to Strengthen Implementation and Enforcement

Because Illinois has already enacted strong statutory protections, the primary reform opportunities involve regulatory clarity, operational oversight, and enforcement consistency.

Issue Comprehensive GASC Implementation Regulations

Illinois defines “generally accepted standards of care” as standards recognized by health care providers practicing in relevant clinical specialties and grounded in:

- Lists safe harbor nonprofit clinical criteria (e.g., ASAM, LOCUS, CALOCUS/CASII/ECSII),
- Requires exclusive use of those criteria for level-of-care determinations,
- Establishes formal gap-filling requirements when nonprofit criteria do not exist,
- Defines documentation and disclosure obligations.

Opportunity: The Illinois DOI should promulgate regulations that:

- Identify accepted nonprofit clinical criteria for MH/SUD utilization review,
- Clarify that proprietary criteria cannot substitute for nonprofit standards,
- Establish documentation requirements when “gap-filling” criteria are used,
- Require annual review and updating of clinical criteria sources.

Regulatory specificity reduces ambiguity and strengthens enforceability.

Ensure For-Profit Criteria Are Not Functionally Still in Use

Even where statutes prohibit reliance on economic or proprietary criteria, plans may:

- Continue referencing outdated internal criteria in denial letters,
- Cite legacy guidelines on plan websites,
- Use proprietary tools in practice while nominally referencing GASC.

Opportunity: Illinois DOI should:

- Conduct targeted reviews of denial letters for compliance with GASC requirements,
- Review insurer websites and utilization review policies to ensure removal of outdated or proprietary criteria references,
- Require attestation that proprietary criteria are not being used as primary decision tools,
- Use market conduct examinations to verify actual application of nonprofit standards.

This ensures that statutory reform translates into operational change.

Examine Denials Using GASC Standards During DOI Review

When DOI reviews individual complaints or conducts market conduct examinations, parity enforcement should ensure that:

- Denial determinations are evaluated against the applicable nonprofit clinical criteria,
- Level-of-care decisions align with ASAM, LOCUS,
- CALOCUS/CASII/ECSII (as appropriate),
Frequency and duration decisions reflect clinical standards rather than internal cost containment metrics.

Opportunity: DOI should formalize internal review protocols requiring examiners to:

- Compare insurer determinations to nonprofit clinical criteria,
- Identify patterns of deviation,
- Require corrective action where determinations conflict with GASC.

This aligns enforcement review with the statutory standard.

Adopt Gap-Filling Criteria Regulations

Where nonprofit clinical criteria do not yet exist for a specific service or innovation, insurers may attempt to rely on internally developed tools.

Illinois can strengthen oversight by adopting regulations requiring that:

- Any gap-filling criteria be documented,
- Clinical justification be provided,
- Evidence sources be disclosed upon request,
- Comparative analysis be performed to demonstrate parity compliance.

This prevents gap-filling from becoming a loophole.

Limit Frequency and Duration of Utilization Review

Illinois statute requires that care be clinically appropriate in “type, frequency, extent, site, and duration.” Regulators can clarify that:

- Treatment reviews should not occur more frequently than recommended by applicable nonprofit clinical criteria,
- Concurrent review cycles must align with clinical standards,
- Discharge or step-down decisions must follow the designated level-of-care criteria.

This prevents indirect restriction through overly frequent review cycles.

Recommended Action Steps for Illinois DOI

Immediate (Regulatory and Oversight Actions)

- Issue formal guidance clarifying acceptable nonprofit clinical criteria for MH/SUD level-of-care determinations.
- Conduct targeted review of denial letters and utilization review documentation to confirm alignment with GASC.
- Require insurer attestation that proprietary criteria are not used as primary decision tools for MH/SUD medical necessity determinations.
- Develop internal DOI examiner protocols for reviewing denials against GASC-based clinical standards.

Near-Term (Rulemaking)

- Promulgate comprehensive GASC implementation regulations, including:
 - Safe harbor criteria listings,
 - Gap-filling standards,
 - Documentation and disclosure requirements,
 - Annual review obligations.
- Clarify limits on frequency and duration of treatment reviews consistent with nonprofit clinical standards.

Conclusion

Illinois has already enacted one of the strongest statutory frameworks in the country requiring medical necessity determinations to align with Generally Accepted Standards of Care. The state's leadership now depends on ensuring that these protections are implemented rigorously, transparently, and consistently.

By issuing comprehensive implementing regulations, verifying that proprietary criteria are not functionally in use, aligning denial review practices with nonprofit clinical standards, and formalizing gap-filling safeguards, Illinois can ensure that its statutory reforms fully translate into meaningful access to clinically appropriate mental health and substance use disorder treatment.

This summary highlights key considerations. For comprehensive guidance, technical assistance, and model statutory language, refer to our full Gold Standard toolkit below.

[Read more](#)



Strengthening Corrective Enforcement Actions for MH/SUD Parity Compliance

Purpose and Relevance to Illinois

Illinois has taken meaningful enforcement action to address violations of the Mental Health Parity and Addiction Equity Act (MHPAEA). Notably, the Illinois Department of Insurance (DOI) has imposed significant fines on commercial carriers for parity violations, including a \$2 million settlement involving multiple carriers in 2020 and a \$500,000 settlement in 2023.

These actions demonstrate that Illinois recognizes both the prevalence of parity violations and the importance of corrective enforcement. However, as federal reports and multi-state enforcement trends continue to show, parity noncompliance remains widespread nationwide. Monetary penalties alone—while important—are often insufficient to drive long-term systemic change.

The Gold Standard Corrective Enforcement Actions framework outlines a comprehensive approach that moves beyond isolated fines toward sustained compliance, meaningful consumer restitution, and structural accountability. This addendum identifies how Illinois can build on its existing enforcement leadership to further strengthen corrective mechanisms.

Current Illinois Framework: What Illinois Has in Place

Illinois has several foundational enforcement tools already in operation.

Establish Standardized Annual Parity Data Submissions

Illinois DOI has broad statutory authority to:

- Impose civil monetary penalties,
- Enter into consent orders and settlement agreements,
- Require corrective action plans,
- Conduct market conduct examinations, Suspend or revoke licenses in appropriate cases.

Illinois has exercised this authority in parity-related enforcement, including:

- \$2 million in fines against Cigna, United, BCBS IL, and Celtic (2020),
- \$500,000 against Quartz (2023)

These enforcement actions demonstrate DOI's willingness to pursue monetary consequences for parity violations.

Market Conduct Examination Authority

Illinois conducts market conduct examinations and complaint-driven investigations that can identify:

- Improper denials,
- Network inadequacies,
- Utilization management disparities,
- NQTL-related violations.

DOI has authority to require remediation following findings, including corrective action commitments.

Corrective Action Practices

While Illinois has required corrective measures as part of settlements and enforcement actions, parity enforcement historically has centered on:

- Financial penalties,
- Commitments to review and revise policies,
- General compliance attestations.

Publicly available information does not consistently reflect standardized, benchmark-driven corrective action plans (CAPs) with defined timelines, independent auditing, and structured follow-up reporting specific to MHPAEA.

Medicaid Oversight Structure

For Medicaid managed care, parity oversight responsibility is shared between:

- The Illinois Department of Healthcare and Family Services (HFS), and
- The Centers for Medicare & Medicaid Services (CMS).

Illinois contracts with Medicaid managed care organizations (MCOs) and includes federal parity compliance obligations in those contracts. However, as nationally documented by the HHS Office of Inspector General (as referenced in the toolkit), state Medicaid parity oversight across the country has often lacked rigorous monitoring and enforcement mechanisms.

Illinois has authority through contracting, withholding, and corrective action provisions to enforce parity compliance within Medicaid managed care.

Key Opportunities to Strengthen Illinois Corrective Enforcement

Illinois has demonstrated enforcement leadership through fines. The next phase of reform should focus on institutionalizing enforcement structures that ensure sustained compliance and meaningful consumer remediation.

Strengthen “Make Consumers Whole” Requirements

Illinois settlements have included monetary penalties, but public reporting does not consistently reflect:

- Mandatory reprocessing of improperly denied MH/SUD claims,
- Systematic notification to affected members,
- Automatic reimbursement of out-of-pocket payments, Clear pathways for consumers to resubmit previously denied claims.

Gold standard states require reprocessing and reimbursement as a core enforcement element.

Opportunity: Institutionalize consumer restitution requirements in all parity enforcement actions, including mandatory claim reprocessing and member notification.

Formalize Robust Corrective Action Plan (CAP) Standards

While Illinois has required corrective measures, CAPs could be strengthened by incorporating:

- Defined timelines and measurable benchmarks,
- Required quarterly reporting,
- Independent third-party audits,
- Structured review of NQTL comparative analyses,
- Public transparency regarding corrective progress.

Gold standard models (e.g., Pennsylvania) embed multi-year oversight and independent auditing into CAPs.

Opportunity: Adopt standardized CAP templates for MHPAEA violations that include measurable benchmarks, audit verification, and extended monitoring.

Calibrate Penalties to Consumer Impact

Illinois has imposed meaningful fines, but national experience shows penalties are often small relative to carrier revenue.

Gold standard approaches recommend:

- Per-enrollee penalty calculations,
- Escalating penalties for repeat violations,
- Required investment into behavioral health system improvements,
- Dedicated funds for consumer education or parity oversight.

Opportunity: Establish structured penalty frameworks that scale with the number of affected enrollees and severity of violations and require settlement investments in system improvements.

Develop Transparent Graduated Enforcement Framework

Illinois has authority to suspend or revoke licenses but, as in most states, product disallowance is rarely used.

A graduated enforcement structure could include:

- Tier 1: Corrective Action Order,
- Tier 2: Monetary penalties + enhanced monitoring,
- Tier 3: Suspension of product marketing or enrollment for repeated or severe noncompliance.

Such a framework provides clarity to carriers and stakeholders regarding consequences.

Opportunity: Publish a tiered enforcement framework for MHPAEA violations, including criteria tied to severity, repetition, and consumer harm.

Strengthen Medicaid Contracting and Withholding Mechanisms

Illinois HFS can leverage parity compliance in:

- MCO selection criteria,
- Ongoing contract eligibility,
- Withholding or claw back provisions.

Gold standard Medicaid enforcement includes:

- Mandatory submission of parity analyses prior to benefit changes,
- External quality review organization (EQRO) review of NQTL compliance,
- Liquidated damages for failure to submit required parity reports,
- Withholding of capitation payments for noncompliance.

Opportunity: Explicitly tie Medicaid MCO eligibility and payment structures to demonstrated MHPAEA compliance, including claw back and withholding provisions.

Establish Data-Driven Compliance Thresholds

Illinois could adopt objective enforcement triggers, such as:

- High rates of overturned behavioral health denials,
- Disparities in network composition and reimbursement rates in the Mental Health Parity Index.
- Repeated NQTL noncompliance findings,
- Documented failure to produce adequate comparative analyses.

Gold standard models (e.g., California proposals) impose escalating penalties when objective thresholds are exceeded.

Opportunity: Establish transparent compliance thresholds that automatically trigger enhanced oversight or penalties.

Recommended Action Steps for Illinois DOI and HFS

Immediate (Regulatory / Administrative)

- Require mandatory reprocessing and reimbursement of improperly denied MH/SUD claims in all parity enforcement settlements.
- Develop standardized MHPAEA corrective action plan templates with measurable benchmarks and quarterly reporting.
- Incorporate structured NQTL review requirements and the Mental Health Parity Index into market conduct examinations.

Near-Term (Rulemaking or Administrative Guidance)

- Publish a tiered enforcement framework outlining when penalties escalate to enhanced oversight or product limitations.
- Develop structured penalty calculation guidance based on enrollee impact and duration of violations.

Medicaid-Focused Actions

- Require Medicaid MCOs to submit updated parity analyses prior to benefit or policy changes.
- Incorporate claw back or withholding provisions tied explicitly to parity compliance failures.
- Require external review of Medicaid MCO parity compliance, including NQTL monitoring.

Conclusion

Illinois has demonstrated meaningful enforcement leadership through significant parity-related fines. The next phase of reform should focus on institutionalizing enforcement structures that:

- Require Medicaid MCOs to submit updated parity analyses prior to benefit or policy changes.
- Incorporate claw back or withholding provisions tied explicitly to parity compliance failures.
- Require external review of Medicaid MCO parity compliance, including NQTL monitoring.

By moving from episodic enforcement to structured, benchmark-driven corrective action systems, Illinois can further strengthen its role as a national leader in parity oversight and ensure that enforcement translates into real access to mental health and substance use disorder care.

This summary highlights key considerations. For comprehensive guidance, technical assistance, and model statutory language, refer to our full Gold Standard toolkit below.

[Read more](#)



Advancing Data Collection, Evaluation, and Reporting for MH/SUD Parity Compliance

Purpose and Relevance to Illinois

Effective enforcement of mental health and substance use disorder (MH/SUD) parity laws depends on more than simple reviews of plan policy language. It requires the ability to measure whether health plans operate in a manner that provides equitable access to care in practice.

Data collection and evaluation are therefore central to parity oversight. Without consistent and standardized reporting, regulators cannot reliably detect discriminatory non-quantitative treatment limitations (NQTLs), disparities in utilization management practices, or systemic access barriers.

Illinois has already taken important steps to monitor parity compliance. The opportunity now is to build a more integrated, standardized, and transparent parity data infrastructure across commercial and Medicaid markets - one that supports proactive oversight and public accountability.

Current Illinois Framework: What Illinois Has in Place

Illinois has several foundational components aligned with strong parity data oversight.

Joint DOI–HFS Annual Parity Reporting

Illinois law requires the Department of Insurance (DOI) and the Department of Healthcare and Family Services (HFS) to submit a Joint Annual Report to the General Assembly on compliance actions under state and federal parity laws.

These reports describe:

- Market conduct examinations,
- Investigations of complaints,
- Medicaid managed care parity reviews,
- Corrective actions taken.

This reporting structure provides a formal mechanism for documenting parity enforcement activities and creates a platform for expanded, standardized metrics over time.

NQTL Reporting Infrastructure

Illinois DOI has developed guidance and instructions related to submission of NQTL analyses. This reflects recognition that compliance must be demonstrated through documented comparative analyses, not merely attested.

This infrastructure creates a foundation for requiring more structured and standardized annual submissions that include both policy analysis and measurable outcomes data.

Medicaid Managed Care Oversight and External Quality Review

Illinois HFS oversees Medicaid managed care organizations (MCOs) and contracts with an External Quality Review Organization (EQRO) to evaluate access, timeliness, and quality measures. HFS has also published parity-related analyses for Medicaid managed care plans. These mechanisms provide:

- Access to utilization and timeliness data,
- Review of MCO benefit design and operations,
- An institutional structure capable of integrating stronger parity-focused reporting requirements.

This reporting structure provides a formal mechanism for documenting parity enforcement activities and creates a platform for expanded, standardized metrics over time.

Parity-Focused Market Conduct Examinations

Illinois DOI has conducted parity-focused market conduct examinations to evaluate plan operations, including utilization management and compliance with parity requirements. Market conduct exams serve as both an enforcement and data collection mechanism. When structured effectively, they can generate standardized comparative data across carriers.

Key Opportunities to Strengthen Illinois Data Collection and Reporting

Illinois has strong building blocks. The next step is to integrate these components into a systematic annual parity data program that evaluates compliance “in operation” across all regulated markets.

Establish Standardized Annual Parity Data Submissions

Illinois currently collects certain NQTL documentation and enforcement-related information. However, reporting could be made more consistent and uniform across carriers by:

- Requiring annual submission of NQTL comparative analyses,
- Requiring standardized quantitative data supplements,
- Defining consistent data elements and reporting formats.

Key reporting domains should include:

- Utilization management practices (prior authorization, concurrent review, fail-first protocols),
- Denial rates and approval rates,
- Appeals and overturn rates,
- Network access metrics,
- In- and out-of-network utilization,
- Reimbursement methodologies and benchmarks.

Standardization ensures comparability and reduces ambiguity in compliance evaluation.

Disaggregate Mental Health and Substance Use Disorder Data

Combining mental health and substance use disorder data can mask significant disparities within one domain.

Illinois could strengthen oversight by requiring separate reporting for:

- Mental health services,
- Substance use disorder services,
- Distinct provider categories and levels of care where feasible.

This approach prevents aggregation from obscuring systemic access failures.

Integrate Denials, Appeals, and External Review Outcomes into Parity Monitoring

Denial patterns and appeal outcomes are powerful indicators of parity compliance.

Illinois already administers external review processes and collects appeal data. These can be leveraged to:

- Compare behavioral health vs. medical/surgical denial rates,
- Track overturn rates by benefit category,
- Identify outlier carriers for targeted review.

Using objective outcome data as an enforcement trigger strengthens oversight credibility.

Leverage Transparency in Coverage Data and Public Claims Data

Federal Transparency in Coverage requirements, operationalized through the **Mental Health Parity Index**, as well as publicly available claims data offer additional analytic tools for assessing:

- Reimbursement disparities,
- Network composition,
- Out-of-network reliance,

Provider participation patterns.

Expand Public Transparency Through Structured Reporting

Illinois already produces a Joint Annual Parity Report. The opportunity is to evolve that report from primarily narrative summaries to include:

- Standardized tables,
- Carrier comparisons,
- Trend analysis over time,
- Clearly defined performance indicators.

A phased approach could begin with a limited set of high-impact metrics (e.g., denial rates, overturn rates, out-of-network utilization) and expand over time.

Recommended Action Steps for Illinois DOI and HFS

Immediate (Regulatory / Administrative)

- Establish an annual parity data call for all state-regulated carriers requiring:
 - Updated NQTL comparative analyses,
 - Standardized quantitative outcomes data.
- Require separate reporting of mental health and substance use disorder data across all parity categories.
- Integrate denial, appeal, and external review outcomes, as well as the Mental Health Parity Index, into routine parity monitoring and exam selection.
- Incorporate standardized data templates and the Mental Health Parity Index into parity-focused market conduct examinations.

Near-Term (Program Development and Transparency)

- Expand the Joint Annual Parity Report to include standardized performance tables and comparative metrics.
- Develop a phased consumer-facing parity dashboard beginning with a limited, clearly defined indicator set, integrating the Mental Health Parity Index.

Medicaid-Focused

- Align Medicaid managed care parity reporting requirements with commercial reporting standards where feasible, including the Transparency in Coverage data, allowing incorporation into the Mental Health Parity Index.
- Incorporate explicit data submission requirements and reporting timelines into Medicaid MCO contracts.
- Tie parity reporting completeness and data quality to corrective action or contractual accountability mechanisms when necessary.

Conclusion

Illinois has already established important parity oversight infrastructure, including joint reporting between DOI and HFS, NQTL documentation requirements, Medicaid managed care oversight, and parity-focused examinations.

The next phase of leadership involves integrating these efforts into a comprehensive, standardized data collection and reporting system that measures parity compliance in operation. By strengthening annual reporting, disaggregating MH and SUD data, leveraging denial and appeal metrics, and enhancing public transparency, Illinois can further advance accountability and ensure that parity protections translate into meaningful access to care.

This summary highlights key considerations. For comprehensive guidance, technical assistance, and model statutory language, refer to our full Gold Standard toolkit below.

[Read more](#)



Strengthening MHPAEA Oversight in Illinois Medicaid Managed Care and Benchmark Plans

Purpose and Relevance to Illinois

The Mental Health Parity and Addiction Equity Act (MHPAEA) applies to Medicaid managed care organizations (MCOs), Alternative Benefit Plans (ABPs), and CHIP plans. Illinois, through the Department of Healthcare and Family Services (HFS), is responsible for ensuring that Medicaid beneficiaries receive mental health (MH) and substance use disorder (SUD) benefits that are no more restrictive than medical/surgical benefits.

Illinois operates one of the largest Medicaid programs in the country, with a significant portion of enrollees receiving services through managed care. Given the scale of HealthChoice Illinois and the central role of managed care organizations, parity compliance in Medicaid is both a legal obligation and a critical access issue.

Illinois has established parity reporting and oversight structures. The opportunity now is to strengthen contract language, monitoring mechanisms, and enforcement triggers to ensure that parity compliance is continuous, data-driven, and embedded in procurement and payment systems.

Current Illinois Framework — What Illinois Has in Place

Illinois has several foundational structures supporting Medicaid parity compliance.

Managed Care Contract Authority

Illinois HFS contracts with Medicaid MCOs under HealthChoice Illinois. These contracts incorporate federal requirements, including compliance with 42 C.F.R. Part 438 Subpart K, which governs Medicaid parity.

HFS maintains authority to:

- Require compliance with MHPAEA as a contractual obligation,
- Impose corrective action plans,
- Apply sanctions or remedies for noncompliance,
- Conduct audits and oversight activities.

This provides a strong contractual foundation for embedding more explicit parity requirements.

Parity Reporting and Public Documentation

Illinois HFS produces a Joint Annual Parity Report (with DOI) describing compliance activities. HFS has also published Medicaid parity analyses and summaries related to managed care oversight.

This reporting infrastructure demonstrates:

- Recognition of parity oversight responsibilities,
- Existing data collection and review processes,
- An established channel for public reporting.

External Quality Review (EQRO)

Illinois contracts with an External Quality Review Organization (EQRO) to evaluate access, timeliness, and quality metrics for Medicaid managed care plans.

This infrastructure allows HFS to:

- Evaluate network adequacy and access,
- Monitor appointment timeliness,
- Review grievance and appeal systems,
- Incorporate parity-focused measures into oversight activities.

Secret Shopper Requirements Under Federal Access Rule

Under the 2024 Medicaid Managed Care Access Rule, states are required to conduct annual independent secret shopper surveys to verify provider directory accuracy. This creates an immediate opportunity to incorporate parity-specific analysis into state surveys (e.g., comparing MH/SUD versus medical/surgical access metrics).

EPSDT and Youth Behavioral Health Obligations

Illinois must ensure compliance with Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) requirements for beneficiaries under age 21. This includes coverage of all medically necessary MH/SUD services. HFS has authority to review claims, utilization patterns, and service availability to ensure EPSDT compliance.

Key Opportunities to Strengthen Illinois Medicaid Parity Oversight

Illinois has the authority and infrastructure necessary for strong parity oversight. The opportunity lies in formalizing and operationalizing that authority through more explicit contract language, reporting requirements, and enforcement triggers.

Require Comprehensive Annual NQTL Comparative Analyses in Medicaid

While commercial plans are required under the Consolidated Appropriations Act of 2021 to produce comparative analyses, Medicaid MCOs are not automatically subject to identical federal documentation mandates.

Illinois can strengthen oversight by:

- Requiring annual submission of comprehensive NQTL comparative analyses from all MCOs,
- Requiring updated analyses prior to any benefit, reimbursement, or utilization management change,
- Aligning documentation standards with federal guidance used in the commercial market.

This ensures compliance is assessed both “as written” and “in operation.”

Embed Explicit Parity Deliverables in Managed Care Contracts

Illinois contracts incorporate federal compliance language, but parity oversight can be strengthened by:

- Requiring parity analyses as a defined contract deliverable,
- Specifying timelines for submission,
- Requiring written attestation of compliance,
- Conditioning approval of benefit changes on parity review,
- Including corrective action protocols tied to parity findings.

Making parity documentation an explicit contractual milestone increases accountability.

Tie Parity Compliance to Procurement and Contract Renewal

Illinois can strengthen leverage by:

- Requiring demonstration of parity compliance as a condition of participation in RFP processes,
- Incorporating parity performance metrics into contract renewal decisions,
- Establishing clear consequences for repeated or material noncompliance.

Embedding parity into procurement decisions signals that compliance is not optional.

Strengthen Corrective Action and Withholding Mechanisms

Illinois has authority to impose corrective action plans and contractual sanctions. Parity oversight could be strengthened by:

- Including explicit claw back or withholding provisions tied to parity violations,
- Requiring reprocessing of improperly denied claims when violations are identified,
- Linking corrective action completion to release of withheld funds.

Financial alignment reinforces compliance incentives.

Prioritize High-Risk NQTLs and Access Barriers

Illinois can direct oversight resources toward areas that present the highest risk of discriminatory impact:

- Prior authorization and step therapy protocols,
- Concurrent review practices,
- Reimbursement rate disparities,
- Network admission standards,
- Prescription drug formulary design for MOUD and SUD treatment.

Targeted audits maximize regulatory efficiency.

Use Secret Shopper Surveys as a Parity Enforcement Tools Barriers

Illinois will be implementing annual secret shopper surveys under federal access requirements. HFS can strengthen parity oversight by:

- Comparing MH/SUD and medical/surgical appointment availability,
- Analyzing wait times by benefit classification,
- Using findings to trigger corrective action or enhanced monitoring when disparities are identified.

This allows parity compliance to be evaluated in real-world access conditions.

Strengthen EPSDT Parity Oversight for Youth

Illinois can move beyond attestation by:

- Analyzing claims data to confirm availability of the full MH/SUD continuum of care for youth,
- Monitoring utilization of crisis services, IOP, PHP, residential care, and MOUD,
- Reviewing denial patterns for youth behavioral health services,
- Identifying geographic gaps.

This ensures parity compliance aligns with EPSDT obligations in practice.

Recommended Action Steps for Illinois HFS

Immediate (Contract and Oversight Adjustments)

- Require annual NQTL comparative analyses from all Medicaid MCOs.
- Require updated parity analyses prior to implementing benefit or utilization management changes.
- Incorporate parity analysis submission as a formal contract deliverable.
- Integrate parity findings into EQRO reviews and managed care oversight meetings.

Near-Term (Procurement and Enforcement Enhancements)

- Tie parity compliance to RFP eligibility and contract renewal decisions.
- Establish clear corrective action templates specific to parity violations.
- Incorporate financial withholding or claw back provisions tied to demonstrated noncompliance.

Transparency and Accountability

- Expand public Medicaid parity reporting to include standardized metrics and plan comparisons.
- Use secret shopper survey results to publish parity-relevant access findings.
- Develop a structured parity complaint intake and tracking process specific to Medicaid managed care.

Conclusion

Illinois has strong statutory authority, established managed care contracts, parity reporting infrastructure, and external quality review systems in place. These foundations position the state to move from compliance documentation toward continuous, data-driven parity enforcement in Medicaid.

By formalizing NQTL comparative analysis requirements, embedding parity deliverables in contracts, tying compliance to procurement and payment, leveraging secret shopper surveys, and strengthening EPSDT oversight, Illinois can ensure that Medicaid parity protections translate into real and measurable access to mental health and substance use disorder care for beneficiaries across the state.

This summary highlights key considerations. For comprehensive guidance, technical assistance, and model statutory language, refer to our full Gold Standard toolkit below.

[Read more](#)



Advancing Network Adequacy Standards for Mental Health and Substance Use Disorder Care

Purpose and Relevance to Illinois

Illinois has demonstrated sustained leadership in behavioral health parity and consumer protection. As demand for mental health and substance use disorder (MH/SUD) services continues to grow, network adequacy has become the primary determinant of whether coverage translates into meaningful access.

The Gold Standard Network Adequacy toolkit outlines clear, enforceable, and parity-aligned approaches to ensuring that MH/SUD provider networks are sufficient in number, type, and availability. This Illinois addendum highlights where Illinois has strong foundational standards and identifies targeted opportunities for modernization that would further strengthen DOI oversight and ensure compliance both “as written” and “in operation.”

Strengthening network adequacy oversight is particularly important given:

- Persistent reports of provider directory inaccuracies,
- Continued wait-time challenges in accessing specialty MH/SUD care,
- Heavy reliance on telehealth to fill geographic gaps,
- Provider shortages in rural and underserved regions of the state.

Current Illinois Framework: What Illinois Has in Place

Illinois has both statutory requirements and active regulatory engagement related to network adequacy for MH/SUD services, supported by recent legislative and DOI actions.

Statutory Network Adequacy Standards

Illinois' **Network Adequacy and Transparency Act** (215 ILCS 124/) requires health benefit plans to maintain networks that are sufficient in number and type of providers to ensure access to covered services without unreasonable delay. Specific components include:

- **Appointment wait-time standards:** Illinois law establishes maximum wait times for initial outpatient MH/SUD appointments (e.g., 10 business days for initial outpatient MH/SUD visits and 20 business days for follow-up), creating an enforceable time-based access metric for behavioral health services. *Reference: 215 ILCS 124/5.*

This places Illinois among states with explicit statutory wait-time benchmarks for MH/SUD care.

Provider Directory Transparency and Audits

Illinois DOI has taken active steps to **enforce provider directory accuracy:**

- DOI has issued bulletins requiring annual provider directory self-audits and submissions by carriers, consistent with administrative code expectations. *For example: DOI Bulletin CB-2025-05 outlines updated directory self-audit filing expectations, and previous bulletins (e.g., CB-2024-06) reaffirm audit requirements and accuracy obligations.*

These actions reflect an ongoing regulatory effort to ensure that directories reflect true network capacity.

Market Conduct and Enforcement Authority

Illinois DOI has clear authority to:

- Conduct **market conduct examinations** that include network adequacy review,
- Investigate consumer complaints related to access,
- Require corrective action plans when carriers fail to meet statutory or regulatory standards.

This authority provides enforcement pathways for network adequacy compliance, including behavioral health access issues.

Legislative Momentum Toward Federal Alignment

Illinois legislative activity has reflected interest in aligning state network adequacy standards with **federal Qualified Health Plan (QHP)** benchmarks:

- Bills such as HB5395/SB3739 have been introduced proposing that state standards, where applicable, track federal time/distance metrics and empower DOI to adopt emergency rules when federal standards change.

While not yet adopted statewide, this momentum indicates recognition of the importance of parity-aligned network criteria.

Key Opportunities to Strengthen Illinois Network Adequacy Oversight

Building on this foundation, the following areas present meaningful opportunities for Illinois to advance parity-aligned network adequacy oversight.

Disaggregate Behavioral Health Network Standards

Current standards may group behavioral health providers into broad categories (e.g., “behavioral health professionals”), which can obscure gaps in specific areas such as:

- Substance use disorder treatment,
- Child and adolescent psychiatry,
- Opioid treatment programs,
- Residential crisis services.

Gold standard states separate provider categories to ensure networks reflect the full continuum of care.

Opportunity: Adopt disaggregated MH and SUD network standards by specialty and level of care.

Assess Network Adequacy “In Operation” Through Independent Validation

While Illinois requires provider directory audits and statutory wait-time standards, **directory-based compliance alone does not capture:**

- Providers not accepting new patients,
- Extended effective wait times,
- Misrepresented availability.

Federal regulators now require third-party secret shopper surveys for QHPs to validate appointment availability and directory accuracy.

Opportunity: Require state-regulated carriers to contract with independent third parties to conduct annual validation surveys for:

- Appointment wait times,
- Provider acceptance of new patients,
- Network composition metrics from the **Mental Health Parity Index.**
- Directory accuracy.

This provides DOI with objective, parity-aligned operational data.

Strengthen Consumer Remedies When Networks are Insufficient

Illinois provides consumer protections, but additional clarity could ensure that when networks cannot meet access standards:

- Enrollees automatically receive out-of-network access at in-network cost-sharing,
- Plans have a clear duty to secure care on behalf of enrollees,
- Consumers are not required to navigate repeated denials prior to access.

Gold standard states impose an affirmative duty on carriers to secure timely in-network or equivalent out-of-network care.

Opportunity: Clarify regulatory expectations that carriers must secure appropriate care (in- or out-of-network) when network standards cannot be met.

Increase Public Transparency in Network Access Reporting

Although Illinois collects network adequacy data through DOI filings, much of this information is not easily accessible to consumers or advocates. Gold standard frameworks recommend:

- Annual network access plans,
- Public-facing executive summaries,
- Reporting on access complaints and out-of-network utilization.

Opportunity: Require standardized annual network access reports with public executive summaries to enhance accountability.

Address Rural Access and Travel Burdens

Rural areas in Illinois face documented provider shortages, particularly for specialty MH/SUD services. When enrollees must travel long distances, financial and logistical barriers compound access issues.

Gold standard states incorporate provisions for reimbursement of travel and lodging when network standards cannot be met.

Opportunity: Consider regulatory guidance clarifying carrier reimbursement obligations for travel and related costs when network insufficiency forces long-distance travel.

Recommended Action Steps for Illinois DOI

Immediate (Regulatory/Administrative)

- Issue guidance clarifying that network adequacy must be evaluated separately for MH and SUD services and across levels of care.
- Use market conduct examinations to review:
 - MH/SUD-specific appointment wait times,
 - Directory accuracy,
 - Provider acceptance of new patients.
- Provide standardized templates for behavioral health network metric reporting.

Near-Term (Rulemaking)

- Adopt disaggregated network standards for MH and SUD by provider type and level of care.
- Require annual independent validation surveys for state-regulated carriers.

Longer-Term (Statutory Clarification if Needed)

- Codify an affirmative duty for carriers to secure care (in- or out-of-network) at in-network cost-sharing when network standards cannot be met.
- Establish explicit public transparency requirements for network access reports.

Conclusion

Illinois has built a meaningful network adequacy framework with statutory standards and active regulatory engagement. The state now has an opportunity to deepen parity alignment by validating access “in operation,” disaggregating behavioral health standards, strengthening consumer remedies, and enhancing transparency.

These enhancements will ensure that what is required on paper leads to real, timely, and equitable access to care for all Illinois residents.

This summary highlights key considerations. For comprehensive guidance, technical assistance, and model statutory language, refer to our full Gold Standard toolkit below.

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