

UnitedHealthcare Sued by Feds Over Mental Health Coverage (1)

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- **COURT:** E.D.N.Y.
- **TRACK DOCKET:** [No. 1:21-cv-04519](#) (Bloomberg Law Subscription)
- **COMPANY INFO:** [United Behavioral Health](#); [UnitedHealthcare Insurance Co.](#) (Bloomberg Law Subscription)

The Labor Department on Wednesday sued UnitedHealthcare Insurance Co. and United Behavioral Health in New York under the federal mental health parity act, alleging the companies systematically cover mental health care less robustly than they cover medical and surgical care.

The companies, which administer employee health plans under the department's purview, systematically reimburse out-of-network mental health services more restrictively than they reimburse out-of-network medical or surgical services, the department said in a complaint filed in the U.S. District Court for the Eastern District of New York.

According to the department, the companies cut their baseline reimbursement rates for out-of-network, non-physician mental health providers by as much as 35%, while imposing similar reductions on non-physician medical and surgical providers only in "limited circumstances."

They also use a concurrent review program to limit benefits for outpatient mental health benefits in a way that's "broader and more aggressive" than programs in place for similar medical and surgical benefits, the department said. These review programs, which flag unusual or outlier services, were broadly applied to all outpatient mental health benefits, but applied only to a "very select set" of medical and surgical benefits, the department alleged.

The companies are accused of violating the Mental Health Parity and Addiction Equity Act, the federal law requiring mental health treatments be covered on the same terms as medical and surgical benefits, and the Employee Retirement Income Security Act, which sets standards for employer-sponsored benefit plans.

The department's lawsuit comes two years after a federal judge [held](#) that United Behavioral Health's internal guidelines on coverage for mental health benefits are too narrow in violation of federal law. That ruling is currently on appeal in the U.S. Court of Appeals for the Ninth Circuit, and the department recently [filed a brief](#) arguing against the company's attempt to end the dispute on standing grounds.

Causes of Action: Violations of the MHPAEA and ERISA; knowing participation in client plans' violations.

Relief: Readjudication of claims or, in the alternative, surcharge; appointment of an independent fiduciary; reformation of plan documents; pre-judgment interest and lost opportunity costs.

Response: UnitedHealthcare didn't immediately respond to a request for comment.

The case is [Walsh v. United Behavioral Health](#) , E.D.N.Y., No. 1:21-cv-04519, complaint 8/11/21 .

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