

Mental Health Parity for All: a Rational Choice for Michigan for 2011

Health plans and insurance products that have arbitrary limits¹ on mental health benefits transfer the financial burden and the disease burden of mental illness and substance use disorders to the family, the employer, and to the state's safety net (hospital emergency rooms and community mental health agencies).

Furthermore, health plans and insurers who deliver an arbitrarily limited mental health benefit do not manage that benefit for clinical effectiveness—but rather, only to limit the medical loss in terms of dollars. This has stunted the development of coordinated, integrated care in Michigan.

The federal Mental Health Parity and Addiction Equity Act of 2008 brought health plans and insurers of groups of 51 and larger under the same standards of benefit design, cost-sharing, and utilization management as apply to all other medical care. Employers and insurers were fully prepared to implement equitable benefit design, as many had been doing so for many years, either at the behest of large corporations², or for federal employees, or those that were required to do so under the 43 states that have parity laws.

In all cases, parity in benefit design has not led to significant increases in costs, premiums or even utilization but rather has led to more appropriate use of treatment resources, earlier interventions and out-of-pocket savings for families.

The cost of mental health parity is confirmed...not only by numerous actuarial studies, and the Congressional Budget Office, but also by the real experience of states and the Federal Employees Health Benefit Program (parity since 2001): **the elimination of caps and equalizing cost sharing does not increase utilization—premium increases are less than half of 1%.**³

However, the federal parity law exemption of businesses with 50 or fewer employees excludes the more than **2 million people** in Michigan who work for medium and small businesses. This gap subjects far too many Michigan citizens to inadequate and discriminatory coverage. This is why we need a state law.

The Michigan parity model legislation does not mandate coverage or treatments—and this point is frequently missed—if mental health coverage is offered, it must have nondiscriminatory cost-sharing and treatment limits (the same as other medical benefits). Most importantly, our parity language, like the federal parity, does not impede health plans and insurers from managing the benefit.

Partners for Parity is a large coalition of organizations and people who live with the reality of mental illness everyday...and the reality of discrimination. Partners for Parity have advocated for over a dozen years for fair and equal coverage of all brain disorders, including autism and substance abuse. When

¹ Benefit limits, usually expressed as hospital day or outpatient visit limits, not related to the severity of the patient's illness.

² The National Business Group on Health has many resources dedicated to mental health benefit design: <http://www.businessgrouphealth.org/benefitstopics/topics/0053.cfm?topic=0053&desc=Mental%20Health%20Parity>

³ *New England Journal of Medicine* Goldman, Frank et al, 2006; 354:1378-1386. Congressional Budget Office 2007 0.4% estimate: <http://www.cbo.gov/ftpdocs/78xx/doc7894/s558.pdf>. Michigan 2005 PriceWaterhouseCoopers actuarial estimate: <1%, which would be reduced by half by predictable offsets.

legislation to cover autism alone was introduced in the last legislative session, the Partners for Parity objected. The coalition has not supported specifying certain treatments or dollar maximums or minimums in statute.

Partners for Parity support ending discrimination and inequality in medical care for **all** of Michigan's citizens with mental, emotional or developmental disorders. We believe this can only be accomplished by enacting comprehensive, broad-based **mental health insurance parity legislation** in Michigan.

Families (both employers and employees) who are covered by workplace health insurance **pay in equally** for the coverage, but those with mental health needs (including autism and substance use disorders) **do not get equal coverage**.

Employers who cannot buy a parity coverage product are disadvantaged when a limited benefit is not managed for clinical effectiveness. This shows up in loss of employee productivity, absenteeism, and higher medical costs, including avoidable emergency room use.

Michigan is one of only seven states without a general mental health parity law. This subtracts from Michigan's quality of life and from our business climate. 2011 is the right time to right this wrong.

As of March 10th, 2011, one mental health parity bill has been introduced. Senate Bill 50, sponsored by Senator Rebekah Warren (D-Ann Arbor), would require insurers and health plans to use the same cost-sharing and benefit limits for mental health services, including, but not limited to, autism spectrum disorder and substance abuse services, as are applied to medical services.