

MENTAL HEALTH PARITY

Position Statement

NASW, Iowa Chapter, supports mandated and comprehensive mental health parity as outlined in the Equality in Health Care Coverage and Veterans Wellness Act.

Discussion

Current Federal and State Law

On October 3, 2008 the Paul Wellstone and Pete Domenici Mental Health and Addiction Equity Act of 2008 was passed into law as part of the \$700 billion dollar financial bailout bill. The new law replaces and closes the loopholes of the Mental Health Parity Act of 1996 by barring insurance companies from arbitrarily limiting all aspects of mental health coverage including the number of hospital days, outpatient treatment sessions, and the assignment of higher co-payments or deductibles. The act, which will go into effect on January 1, 2010, requires states to comply by mandating that group health plans of 50 or more employees that provides both physical and mental health/substance use benefits must ensure that all financial requirements and treatment limitations applicable to mental health/substance use disorder benefits are no more restrictive than those requirements and limitations placed on physical benefits.

According to Mental Health America (2008) the federal law will include equity in coverage that applies to all financial requirements including lifetime and annual dollar limits, deductibles, copayments, coinsurance, and out of pocket expenses, and to all treatment limitations including frequency of treatment, number of visits, and days of coverage.

Currently, Iowa has limited mental health parity which was signed into law in 2005 by then Governor Tom Vilsack. The limited parity covers biologically based mental illnesses including Schizophrenia, Bipolar disorders, major depressive disorders, Obsessive Compulsive Disorder, and Autism. There is also an exemption for small businesses with 50 or fewer employees.

The proposed Equality in Health Care Coverage and Veterans Wellness Act would enact mandated and comprehensive mental health parity for the state of Iowa. The act would also lift the diagnostic limitations currently in Iowa's law. Coverage would be mandated for all categories included in the DSM-IV. The act mandates that all insurers regulated by the Iowa Insurance Commission offer mental health coverage and substance use coverage based on the rates, terms, and conditions associated with medical and surgical coverage. The bill would require that the Division of Mental Health and Disability Services of the Department of Human Services and the Division of Behavioral Health of the Department of Public Health to coordinate with the Iowa Department of Veterans Affairs to maximize access to mental health and substance abuse treatment for veterans.

Prevalence of Mental Illness and Substance Abuse

Nationally, 1 in 4 American adults suffer from a mental illness according to the Iowa Department of Public Health (2008). Of those adults, the report stated that 6% were diagnosed with a serious mental illness. In Iowa, there is a reported 3% of Iowans over the age of 18 diagnosed with a serious mental illness. Iowans suffering from serious mental illnesses were comprised mainly of low income, low education, and racial and ethnic minority groups. Many members of these groups are either underinsured or uninsured. Families USA (2008) reported that 12.4% of Iowans between the ages of 25-64 are uninsured and have no access to mental health treatment.

The 2007 Health in Iowa Annual Report also showed that 14 million Americans abuse alcohol or are an alcoholic. Iowa statistics show that 7.5% of men were considered to be heavy drinkers (five or more drinks/day) and 3.6% of women were considered to be heavy drinkers. The median average for heavy drinking in Iowa is 5.5% and is slightly higher than the national median of 5.2%. A study by the National Institute on Alcohol Abuse and Alcoholism (1996) reported that most people drink as a means to cope with economic stress and job stress.

In this time of economic turmoil mental illness and substance abuse are steadily increasing, predominantly due to the increased risks associated with the economy and job-loss. According to a poll conducted by the American Psychological Association (2008) and published in the Boston Globe, almost half of adults stated they were increasingly stressed about their ability to provide for their family's basic needs. The poll reported 80% of adults view the economy as a significant cause of stress compared to 66% of adults in April 2008. A study by Novotney (2008) 49% of adults in the United States with serious psychological distress and a substance abuse problem received no treatment, 25% of those reported that they do not have adequate access to mental health services and 44% stated that they had no mental health coverage.

Increased anxiety and depression among adults is not only being seen locally, but also nationally. In a recent story covered by CNN (2009) counselors at the Los Angeles (CA) County Mental Health ACCESS call-in center are receiving numerous suicidal callers which counselors are blaming on the county's 9.5% unemployment rate. What is more staggering is the related story of a married, father of five, living in Los Angeles County, who decided that it was better to end all of their lives than to not be able to care for them. The man shot and killed all five of his children, his wife, and himself because he was laid off from his job and had no means of income to provide for his family.

Veterans

Many veterans also suffer from a mental illness, substance abuse, or co-occurring disorders. According to the Substance Abuse and Mental Health Services Administration (2008), 7% (1.8 million) of veterans aged 18 or older experienced a serious psychological disorder (SPD), while 7.1% of veterans suffered from a substance use disorder (SUD). The same study reported 395,000 of veterans had co occurring SPD's and SUD's. Veterans aged 18-25 experienced higher rates (8.4%) rate of co occurring disorders than veterans over the age of 55 (less than 1%).

The report by the Division of Behavioral Health (2008) also stated that one-third of all soldiers returning from active duty received mental health care. Of those soldiers, the report found that 10-15% were at risk of Post Traumatic Stress Disorder (PTSD). The Army reported most soldiers experience short-lived, normal reactions that improve over time.

Troops returning from active duty are presenting with various mental health problems. A typical soldier experiences some short lived reactions, but some go on to have longer lasting or severe mental health issues requiring care. Suicide is becoming more prevalent as troops are returning home from Iraq and Afghanistan. The Army Division of Behavioral Health (2008) reported 128 suicides in 2008 with 15 cases still pending an outcome. This was the fourth year in which the number of suicides had increased. An article by Alvarez (2009) found that suicides of soldiers has reached a high of nearly three decades and has surpassed the civilian rate. The current soldier rate is 20.2% of every 100,000 soldiers commit suicide vs. 19.2% of every 100,000 civilians. This is the highest suicide rate since Vietnam.

Increased costs to Insurance Companies

Mental Health Parity does not come without a cost and insurance companies are concerned that the costs of mandating mental health coverage would increase costs so much that employers would be unable to afford insurance. According to Troutwein (2000) mental health mandates have driven up health care costs by 20-25% which could result in the inability for many Americans to afford health insurance coverage. The actuarial firm of Milliman and Robertson conducted a study for the National Center for Policy Analysis in 2000 and reported that parity requirements could add \$175-\$350/individual annually to the cost of a health insurance policy. The Insurance industry feels that it would be an added weight on individuals to foot this bill. There is also a concern regarding the precedent that would be set by mandating benefits rather than working to make insurance more affordable.

Contrary to the arguments of the insurance industry, the Congressional Budget Office (2008) has estimated that the mental health parity requirement outlined in the 2008 act will increase premiums by less than one percent. Proponents of parity point out five states, including Connecticut, Maryland, Minnesota, Oregon, and Vermont who have mandated comprehensive mental health/substance use parity laws with little or no cost increase. When Vermont passed its broad mental health and substance abuse parity act less than 1 percent of employers reported that they dropped health coverage for employees because of the parity law.

The Legislative Services Agency (2009) has estimated that the increased costs associated with implementing comprehensive mental health and substance use coverage would be minimal, amounting to a 1% increase in premiums.

The Increased Cost to Society

According to the Health in Iowa Annual Report (2007), the United States spends billions of dollars each year on costs associated with mental health and substance use disorders. Specifically, clinical depression is estimated to cost \$43.7 billion annually, anxiety disorders total \$46.8 billion, and schizophrenia costs the United States \$65 billion annually. These costs include lost productivity and absenteeism due to illness. According to a study completed by the Substance Abuse and Mental Health Services Administration (2007) 9.6% of the United States population had a substance abuse problem but only 10% of those people were able to receive treatment. Those employees not receiving treatment for mental illnesses contribute to lost productivity and absenteeism which affects the workplace and the economy. According to Dewa, Ettner, and McDavid (2007) 48-73% of people suffering from a mental illness were employed. The annual salary equivalent to productivity losses according to Dunnagan, Petersen, and Haynes (2001) is between \$182 and \$395 per employee. In 2002 specifically the economy lost \$79 billion due to lost worker productivity (Tanner, 2002). According to the World Health Care Organization (2009) depression and anxiety will be the second leading cause of disability.

Recommendations

Toward this end, NASW, Iowa Chapter, calls upon public officials to:

- Support a state mandated, comprehensive mental health and substance abuse parity law that requires all insurers to offer mental health and substance abuse coverage with rates, terms, and conditions equivalent to those offered for medical and surgical coverage.
- Maximize access to mental health and substance abuse treatment for all Iowan veterans who have served in the nation's armed services or the Iowa National Guard.

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