New Day Coalition

Promoting integration of health care for the mind and body.

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The *Wisconsin Parity Act* is a Pro-Jobs Bill

Economic Benefits of Parity Will Help Businesses Be More Competitive

Businesses benefit from the successful treatment of mental illness and addiction. With job creation Wisconsin's number one economic priority, the *Wisconsin Parity Act (Senate Substitute Amendment 1 to SB-362)*—co-sponsored by Sen. Dave Hansen (D-Green Bay) and Rep. Sandy Pasch (D-Whitefish Bay) and modeled after the federal *Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act of 2008*, *P.L. 110-343*[1]—will play an important role in helping our small businesses be more competitive.

Mental illness affects about one in four adults[2]; and drug and alcohol addiction affects 1 in 11 Americans[3]. The *Wisconsin Parity Act* will help to eliminate the barriers that impede employees' access to and use of mental health and substance use disorder benefits caused by inadequate coverage.

Parity provides an opportunity to improve both the mental AND physical health of workers, which can lead not only to lower health care costs, but also improved employee productivity[4]. It will reduce the costs associated with untreated mental illness and substance abuse totaling an estimated $80-100 billion annually, including both direct costs, such as disability and unemployment insurance claims; and indirect costs, such as absenteeism, presenteeism and lost productivity[5].

Mental health and addiction parity:

- **Will not lead to a dramatic increase in health care costs.** In fact, parity will cause health insurance premiums to increase by approximately 0.4 percent[6], according to the federal Interim Final Rules under the Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act of 2008 released Feb. 2 by the Departments of the Treasury, Labor, and Health and Human Services. This conclusion is based upon a November 2007 cost estimate prepared by the Congressional Budget Office—the most recent, authoritative, independent, expert analysis of parity's economic impact on private-sector employers.

- **May, in fact, *reduce* overall health care costs,** which are routinely twice as high for people living with substance use disorders than those without; and even higher for people living with both substance abuse *and* mental health disorders[7].

  Blue Cross and Blue Shield of Minnesota, which covers more than two-thirds of the population in the state, was able to reduce its insurance premiums by five percent after one year's experience under the state's comprehensive mental health parity law in 1995 that included mental health and substance abuse[8].

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- **Combined with medical management and managed care, will result in lower costs and lower premiums,** according to the Departments of the Treasury, Labor, and Health and Human Services citing studies of at least nine states: California, Maine, Maryland, Minnesota, North Carolina, Pennsylvania, Rhode Island, South Carolina and Vermont[9].

- **May provide a significant cost benefit to businesses,** according to a dozen critical reviews and meta-analyses that have been conducted in the last 25 years to examine this cost-benefit question. This body of knowledge provides substantial evidence that providing mental health treatment offsets or reduces the subsequent use of medical care services and their associated healthcare and disability costs[10].

- **Improves health outcomes for people with heart disease, diabetes, cancer and other chronic diseases.** A cost-benefit analysis from a range of industries found that for every $1 invested in more thorough mental health treatment, employers gained a minimum return of $1.20 in the form of increased productivity and attendance[11]. Moreover, actuaries at PriceWaterhouseCoopers built a model of integrated care which indicated that after five years, the payer would realize $5 in savings for every $1 spent on behavioral health services[12].

- **Is a civil rights issue.** The Interim Final Rules quote Rep. Patrick Kennedy (D-Rhode Island), one of the chief sponsors of the *Wellstone-Domenici Act:* "[a]ccess to mental health services is one of the most important and most neglected civil rights issues facing the Nation. For too long, persons living with mental disorders have suffered discriminatory treatment at all levels of society." As Rep. James Ramstad (R-Minnesota) also added: "[i]t's time to end the discrimination against people who need treatment for mental illness and addiction. It's time to prohibit health insurers from placing discriminatory barriers on treatment."[13]

Eighty percent of employers in the U.S. already sponsor mental health benefits coverage, according to the Society of Human Resource Management's most recent benefits survey in 2009, which is in direct recognition of the tremendous impact that mental health and substance use disorders have on the workforce and the company's bottom line[14].

The *Wellstone-Domenici Act*—upon which the *Wisconsin Parity Act* is based—received support from both the business and insurance communities, with supporters that included the U.S. Chamber of Commerce, the National Retail Federation, the American Benefits Council and America's Health Insurance Plans[15].

While the *Wisconsin Parity Act* has the potential to affect 700,000 Wisconsinites who work for small employers with under 51 employees not covered by the *Wellstone-Domenici Act,* **the *Wisconsin Parity Act* will immediately provide expanded mental health and addiction coverage to the 200,000 employees of small businesses who are currently insured under their employers' health plans;** which is in addition to a substantial number of their spouses and dependant children. In addition, 173,000 individuals may also benefit from increased mental health and substance abuse benefit coverage if their individual policies offer such coverage under this *Act*[16].

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[1] *The Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act of 2008* (Division C, Title V, Subtitle B, Secs. 511-512 of The Emergency Economic Stabilization Act, H.R. 1424, P.L. 110-343) effective as of October 3, 2009.

[2] Kessler RC, Chiu WT, Demler O, Walters EE. Prevalence, severity, and comorbidity of twelve-month DSM-IV disorders in the National Comorbidity Survey Replication (NCS-R). *Archives of General Psychiatry*, 2005 Jun; 62(6):617-27. Per National Institute of Mental Health (http://www.nimh.nih.gov/health/publications/the-numbers-count-mental-disorders-in-america/index.shtml)

[3] National Institute on Drug Abuse Info Facts: Treatment Approaches for Drug Addiction. (http://www.drugabuse.gov/infofacts/treatmeth.html

[4] Melek, S. (2009). Preparing for parity: Investing in mental health [White Paper]. Denver, CO: Milliman. Available from: www.milliman.com. As quoted in Research Works: Partnership for Workplace Mental Health (December 2009). Successful Employer Implementation of the Federal Mental Health Parity and Addiction Equity Act, page 13. Available at http://www.workplacementalhealth.org/pdf/RWParityFinal.pdf)

[5] Research Works, page 14.

[6] Interim Final Rules under the Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act of 2008, Federal Register/Vol. 75, No. 21/Tuesday, February 2, 2010/Rules and Regulations, Supplementary Information, Sec. IV, Economic Impact and Paperwork Burden, page 5427.

[7] Druss, B. G., & Rosenheck. R. A. (1999). Patterns of health care costs associated with depression and substance abuse in a national sample. *Psychiatric Services, 50,* 214–218. AND Kathol, R. G., McAlpine, D., Kishi, Y., Speies, R., Meller, W., Bernhardt, T., et al. (2005). General medical and pharmacy claims expenditures in users of behavioral health services. *Journal of General Internal Medicine, 20*, 160-167. Quoted in Research Works (page 14).

[8] Bachman, R.E. (2000) Mental health parity: "Just the facts"—Actual data and experience reports. Prepared for the American Psychological Association, 2000 State Leadership conference. Atlanta, GA: PriceWaterHouseCoopers. As quoted in Research Works, page 24.

[9] Interim Final Rules, page 5425.

[10] A comprehensive list of these studies is available at Research Works, page 21.

[11] A. Lo Sasso et al, Modeling the impact of enhanced depression treatment on workplace functioning and costs. Medical Care, 2006.

[12] Managed Behavioral Health News, January 2000.

[13] Interim Final Rules, page 5422.

[14] Research Works, page 14.

[15] Research Works, page 3.

[16] The Lewin Group, "The Wisconsin Health Plan (WHP); Estimated Cost and Coverage Impacts," Final Report, Prepared for the Wisconsin Health Project, June 4, 2007. and U.S. Department of Health and Social Services, Agency for Healthcare Research and Quality, "Medical Expenditure Panel Survey (MEPS)," Table II, State of Wisconsin, Private Sector Data by Firm Size, 2008.