

Woodman's drops mental health coverage

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Woodman's Food Market, the giant grocery retailer, is dropping mental health benefits from its health insurance plan because it claims it cannot afford to comply with a new federal law that will require mental health coverage to be equal to benefits for other illnesses.

The federal mental health parity law, passed in 2008, takes effect this January. The law does not require companies to offer mental health benefits, but if their health plans do offer mental health coverage, it must be as generous as coverage for other diseases. Critics of the bill, including many businesses, had warned that it would backfire by forcing companies to drop what limited mental health benefits they do offer.

"We have one of the best health plans in Wisconsin, and we can't open up our employee-owners to a bunch of unidentified costs. We can't have an open checkbook," says Clint Woodman, a vice president at the company and the grandson of Bill Woodman, who opened the first food store in Janesville in 1930. Today the chain includes 12 stores, 9 in Wisconsin and two of them in Madison, and employs over 2,800 workers, around half of whom also own a stake in the company.

Representatives for workers and local mental health advocates were quick to respond to the news, organizing a press conference for Tuesday afternoon at 1 p.m. at the Gammon St. entrance to the west side Woodman's parking lot. "It's very important to address this issue head on," says William Greer, the CEO and president of the Dane County Mental Health Center. "This is a precedent that I'm very concerned about. I'm worried other employers could follow suit. My hope is that any employer who is worried about this will give mental health parity a try before canceling."

Greer points out that in other states that have already passed similar state parity laws the price of insurance coverage has only gone up less than one percent. He also says that stinting on care up front will lead to higher costs down the road and is one of the reasons health care costs are exploding in this country.

When they have no mental health insurance benefits, he says, workers tend to put off medical care for their mental health issues. "They don't take the preventative route, and they wait until a crisis happens and they end up in the emergency room," he says. "The costs end up being higher in that situation."

While nobody knows how many Woodman's employees may have required mental health services in the past, or would require them in the future, federal surveys have shown that one out of four Americans deals with a mental health issue at any one time. That means that hundreds of Woodman's employees may be forced to turn to county services offered by organizations like his for help, Greer says. Yet the Dane County Mental Health Center, which offers counseling and community support for the mentally ill and drug addicted, is already overwhelmed by waiting lists that are three to six months long, he says.

Critics of the company's decision say benefits are being yanked when they are needed most.

"The economy, the wars in Iraq and Afghanistan and the holidays make this decision particularly unfortunate for these workers," said Dane County Supervisor Dave de Felice in a press release. "And there's no reason why county property taxpayers should have to foot the bill."

But Woodman's officials argue the federal government overstepped the line with this mandate. (The state of Wisconsin is considering passing similar legislation that would apply to smaller companies, and this bill is being fought by local businesses as well.) "I just see this as government making decisions that control more businesses," Woodman says.

He argues that the company's health benefits are among the most generous in the state, and worries that someone with mental health problems could exploit that generosity. "If an employee went to a psychiatrist and ran up a million dollars, it would come out of our pockets," he says.

Asked how that situation is any different than an employee with expensive cancer treatment, he says, "Cancer is different. That's an identifiable physical situation. Whereas with a mental health situation, you could say you need to see a psychiatrist every day for the next year and there's no one to control those costs."

Advocates for the mentally ill argue such beliefs and statements are discriminatory. "That's the whole reason behind parity laws," Greer says. "Mental illness is not any different than any other illness. It can be treated. Both schizophrenia and cancer can be controlled, and a person with both can have a productive and healthy life. It's discriminatory to say that one illness is different or inferior to another."