

# MENTAL HEALTH MANDATE FALLS OUT OF FINANCIAL PARACHUTE

*Inserted into last fall's financial bailout legislation (Emergency Economic Stabilization Act) was a provision requiring companies to offer mental health coverage on a par with other health benefits. Alabama business leaders have adopted a position of wary acceptance.*

BY NEDRA BLOOM

**M**ental health professionals are elated, business owners are wary of an unfunded mandate and insurance companies are making a thorough study of new laws before making any comment — all regarding a piece of legislation tucked into last fall's economic stimulus package.

Totally unrelated to failed banks and busted brokerage firms, the new legislation calls for "parity" between mental and physical health insurance coverage.

The new requirements are slated to take effect on January 1, 2010. It's possible that implementation could be held up, since the Mental Health Parity and Addiction Act of 2008 is one of many approved late in the Bush administration that was plucked out for further review by the incoming Obama administration.

But Alabama's mental health experts believe the new rules will be in effect by this time next year.

Mental health care providers are the most enthusiastic and the most

knowledgeable about the new law, and they've developed fact sheets to help their clients get prepared. Here are some of the key elements published by Behavioral Health Systems Inc., a national provider firm with major operations in Alabama:

Applies only to firms with 50 or more employees

- Requires that co-pays and deductibles for mental health care are substantially the same as those for physical health care
- Requires that limits for hospital days and outpatient visits be the same for mental and physical health care
- Takes affect with the next plan year after adoption, or January 1, 2010, for most companies, with exceptions for unusual circumstances, such as collective bargaining agreements

But what does it mean specifically for an employer providing health insurance to his or her employees? Nobody knows yet. To date, there are not even draft regulations. That's a real headache for employers trying to develop next year's plan let alone print up booklets and benefit cards — and for the insurance companies trying to advise them.

For many years, insurance coverage for mental health benefits has been a stepchild of the health care system. At first, insurers didn't understand what constituted mental health treatment, what was effective

and what wasn't," says Maureen Gleason, vice president of American Behavioral. "Some people didn't even believe in coverage for these illnesses."

That changed in the 1990s when a surgeon general's report concluded that most mental illness is biologically based and can be treated, Gleason says. A national parity law took effect in 1996, "but it didn't go far enough in making sure coverage was equal," she says.

Nonetheless, treatment plans for mental illness are more individualized than those for medical/surgical conditions, says Pat Friedley, executive vice president and chief policy officer for Behavioral Health Systems. "With mental/nervous disorders, it's not always that black and white."

"With parity, all the artificial means of controlling costs are gone," Friedley says. "The only way to control costs is with case management and medical necessity review" — systems that are already in place at many major provider facilities like hers. Managed care helps assure the patient and the benefit provider that "the counselor is providing care you need rather than what the provider's wallet needs," Friedley says.

Linda Alverson-Eiland, a board member of the Alabama Psychological Association who has followed legislative matters for the organization, says, "There has been such a dramatic difference between mental and physical health coverage, and folks weren't getting the treatment they needed. Whether

all mental illness is biological or not, if you don't treat it, it affects physical health — stress, strokes, sleep problems. If people don't get mental health treatment, the cost of physical health care skyrockets.”

In fact, says American Behavioral's Gleason, overall health care costs could conceivably drop with the new parity law. If employees need mental health care and it's not covered or is too expensive, she says, “They'll go see their family doctor when they're depressed, anxious or stressed.” Insurance still ends up paying for the care, but possibly not for the most effective care.

At least until the regulations are settled, companies are working with a new law that offers them some leeway in precisely how they achieve parity. For example, if the co-pay for physical health visits is \$20 and the co-pay for mental health visits is \$50, employers could opt to change both co-pays to \$50.

But Gleason doesn't expect that. “Insurance is probably the number one recruiting tool that firms have to ensure themselves good employees. Most employers we work with want to provide the best medical plan they can afford.”

Realistically, providers know that the bottom line will have to balance, Friedley says. They recognize that employers already are looking for every possible way to economize during the lean economic times.

“One of our big concerns is that companies have the option to opt out of offering treatment,” says Alverson-Eiland, an option she considers “immoral” as well as impractical.

“Research says that covering mental health at parity shouldn't cost business dramatically more,” Alverson-Eiland says, “because it

should reduce medical costs on the other side.” Her example: You can do a whole lot of stress reduction therapy without ever approaching the cost of a heart transplant.

Just how much will it cost? Two major studies, including one by the Congressional Budget Office, anticipate an increase of 0.4 to 0.6 percent. Any company that experiences an increase of more than 2 percent the first year or 1 percent thereafter can opt out while it revamps its program.

Most affected businesses will probably do their best to offer improved coverage, says Ralph Stacy, president and CEO of the Chamber of Commerce Association of Alabama. “The majority of business owners are more concerned about their employees than anything else, because the true value and worth of their business is the men and women who create the products that drive the economy of Alabama.”

After reviewing the expert guesses on the cost, he says, “We feel it will be negligible, but we hope the impact it does have will be positive. If being able to access this care allows people to be more productive on the job and in their personal lives, that's good for everyone.”

“The business community does everything it can to assure a healthy and productive work force,” Stacy adds, noting that all sorts of wellness programs have sprouted up in the state's businesses.

By virtue of the 50-employee standard, more than 80 percent of Alabama's businesses are exempt, Stacy says. However, he has an innate uneasiness about federal regulations that change the economic playing field. “By and large the business community will

always be behind these things, but they're a little less than pleased when it's a mandate,” he says, especially an unfunded mandate.

And even an impact of less than 1 percent isn't zero, he says. A business with 300 employees and a health insurance premium of \$3 million could see a jump of some \$30,000. “That's a chunk of money.”

Recognizing that health insurance costs are the biggest challenges for many business owners, especially in a puny economy, this new law will be a hot topic at the health care summit sponsored by the Business Council of Alabama in early March, says Marty Sullivan, the organization's senior vice president for public affairs and communication.

“One percent of a lot of money is significant to any business, especially in this economy,” she says. “I hope it has a very positive impact in a lot of lives, but we have to be concerned about the continuing cost burdens on our businesses.”

And compliance is even more complicated, because the new law, though in the works for several years before passage, came on the scene without much fanfare. Sullivan says that BCA will videotape discussion at its conference and make the information available to business owners via the BCA website.

And insurance carriers will have advice, just not yet. Officials at Blue Cross/Blue Shield of Alabama, for example, say they're still reviewing the legislation and have no comments now. •

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