WISCONSIN COUNCIL ON CHILDREN and FAMILIES

"For these are all our children . . . we will all profit by, or pay for, whatever they become." James Baldwin

Testimony on Mental Health Parity Bill
Senate Bill 157

by Linda A. Hall
Health Policy Analyst
Wisconsin Council on Children and Families

Hearing before Senate Committee on Health, Utilities, Veterans and Military Affairs

September 19, 2001

The Wisconsin Council on Children and Families strongly supports passage of Senate Bill 157 which would require health insurers to provide equal coverage of mental health and physical health care services. Treatment of mental health conditions reduces hospitalizations and the incidence of other health problems, thereby, leading to reduced health care expenditures according to several reports from the US Surgeon General's office. The National Mental Health Association reports that the cost of untreated and mistreated mental illness and addictive disorders to American businesses, governments and families amounts to an estimated $113 billion annually.

Study after study demonstrate that mental health treatment can be successful even for people with more complex mental health conditions, yet health insurers and health care organizations routinely limit coverage and create arbitrary barriers to this care. A recent example of a widely used arbitrary barrier is the prior authorization requirement imposed by most managed care organizations on any psychotherapy in excess of four visits. Many health maintenance organizations maintain this barrier, despite numerous studies conducted by the health care industry itself that have shown that individuals do not overuse therapy visits when no prior approval is required. The unequal treatment of mental health care by insurers perpetuates the myth that mental health conditions are not biologically based and that individuals with a greater strength of character can overcome these illnesses.

According to the Surgeon General almost 21% of children and adolescents (ages 9 to 17) in 1996 had some evidence of distress or impairment associated with a specific mental health diagnosis. More than half of this group received no treatment from the health care system. Nearly half did receive some treatment from schools or the human services sector. Schools, in fact, were the primary place where children received mental health services. When health insurance doesn't cover mental health services, local schools end up providing care and taxpayers fund it.

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MENTAL HEALTH PARITY:

Dear Assembly:

I am here today to ask your support of Senate Bill #157, Health Insurance Parity for Mental Health and Substance Abuse Treatment. This is what is called "Dual Diagnosis" in the mental Health field.

If you or a loved one should ever experience these or other forms of mental illness, would you have adequate health insurance coverage?

My name is Dona Brasch and I had to find out the hard way when obtaining proper affordable treatment for myself and my family.

I am the mother of five children, four of which have a dual diagnosis of Mental Illness. They did not ask for this illness, but must deal with it for the rest of their lives. They will be able to live with the illness only if they have the necessary insurance available to them when they need counseling, medications, or to be hospitalized for short periods of time.

Jeff-now 29 was in the hospital at 17 for three weeks. We were left paying $2,500.00 out of our own pocket.

Jeremy-now 23 is undergoing his second outpatient treatment in the last year. His insurance only pays 50% of that cost.

Jesse-now 19 has a job at a gas station and is stable, after years of counseling, two hospital stays and two outpatient rehab programs. He even spent 4 ½ months at Winnebego where they finally found the right combination of medicines for his condition. His medicine, on our insurance, costs $80.00 per month. Without that insurance that same medicine would be over $1,000.00 per month. He no longer is covered by our insurance, so his Cobalt costs for his medicine would be $287.00 per month. Jesse cannot afford this cost when he is making $7.50 per hour at his gas station job.

Jaime-now 15 has been in the hospital on four different occasions and once for 4 ½ months at Winnebego. She has missed half of her school days in the last five years. She is not on the right combination of medication and we do not know what to expect from day to day.

We only have 25 appointments for mental health per year. This may sound adequate for the regular family, but it is definitely not enough for a person with mental illness especially in the beginning of a diagnosis or in extreme times of stress.

My two older sons, Jeff and Jeremy, are very independent, and have good jobs. Both are enrolled in Technical School and are well along in their Millwright apprentice program. If they did not get the adequate help when needed, their lives would be very different and they could even be in jail.

I sincerely would like the Senate Bill #157 passed so all can have equal access to treatment. Treatment can turn lives around and produce people that are assets to society. Without treatment these people cost society in lost resources. Living off the government and possible jail are their only alternatives.

The younger these children can be diagnosed and started on the road to recovery is the only answer.

Let insurance help these individuals now or the State will be taking care of them for the rest of their lives.

I have seen treatment work. It is the only salvation, but it must be <u>equally</u> available to all.

Thank you for your time

GOD BLESS AMERICA

WISCONSIN COALITION FOR ADVOCACY

THE PROTECTION AND ADVOCACY SYSTEM FOR PEOPLE WITH DISABILITIES

September 19, 2001

To: Members of the Senate Committee on Health, Utilities, Veterans and Military Affairs

From: Dianne Greenley
Wisconsin Coalition for Advocacy

Re: Health Insurance Parity for Mental Health and Substance Abuse Treatment
2001 Senate Bill 157

The Wisconsin Coalition for Advocacy, the state's protection and advocacy agency for persons with disabilities, strongly urges your support for health insurance parity for treatment for mental illness and/or substance abuse.

For too many years persons with mental illness and persons with substance abuse problems have suffered from stigma and discrimination in insurance coverage. While one's neighbor could receive full coverage for treatment for diabetes, cancer, or heart disease, the individual coping with schizophrenia, depression, or bipolar disorder could receive only very minimal coverage, generally only $7,000 per year in Wisconsin. According to the U.S. Surgeon General's report on mental illness, this resulted in an enormous financial burden for families: "For a family with mental health treatment expenses of $35,000 a year, the average out-of-pocket burden is $12,000; for those with $60,000 in mental health expenses in a year, the burden averages $27,000. This is in stark contrast to the out-of-pocket expense of only $1,500 and $1,800, respectively, that a family would pay for medical/surgical treatment." *Mental Health: A Report of the Surgeon General*, (2000), p. 427. This situation hits families with children and adolescents with mental health or substance abuse problems particularly hard. Unfortunately, this often means that young people do not receive the treatment they need, resulting in more serious problems, and more expensive treatment, later in life.

It is time for Wisconsin to follow the lead of 32 other states and the federal government in ending this fundamental unfairness for persons with mental illness and persons with substance abuse problems. By enacting parity legislation we will be enabling persons to get back to work, helping families pay for quality services for children with serious emotional and/or substance abuse problems, and saving money in other health care costs.

However, for years the insurance industry and others have argued that the cost is too high. Fortunately the data are now available to rebut this assertion. A 1998 study, by the National Advisory Mental Health Council, found that there was an interesting interactive effect between

Madison office: 16 North Carroll Street, Suite 400, Madison, WI 53703 Voice & TDD 608 267 0214
Fax 608 267 0368 Toll Free 800 928 8778 (consumers & family members only) www.w-c-a.org

parity and managed care. They examined three states with parity legislation and found that the adoption of parity spurred the development of managed care for mental health and substance abuse services with the result that costs actually decreased. Texas and North Carolina initially adopted parity for only state employees and simultaneously adopted a managed care approach. In Texas the per member per month costs decreased 50% and in North Carolina they decreased 32%. In Maryland where the legislation covered all insurance plans costs increased slightly in the first year after the adoption of parity (about 1%), stabilized in the second year and then decreased slightly in the third year. National Institute of Mental Health, *Parity in Financing Mental Health Services: Managed Care Effects on Cost, Access, and Quality: An Interim Report to Congress by the National Advisory Mental Health Council* (1998).

The strong influence of managed care on the costs associated with parity should mean very modest cost increases, if any, in Wisconsin. According to the Office of the Commissioner of Insurance in 1999 50% of individuals in group insurance plans were in HMOs, 19% in point of service plans, 20% in preferred provider organizations, and only 11% in indemnity plans. Thus, the vast majority of Wisconsin citizens are receiving their group insurance through a managed care plan. Office of Commissioner of Insurance, *Health Insurance in Wisconsin* (1999). In addition, the news is even better for state employees since almost 90% of them receive coverage under an HMO. Employee Trust Funds, *It's Your Choice: 1999*, p. B-10.

We understand that there are cost concerns for small business owners, many of whom are in indemnity plans. Thus, approaches to meet their concerns should be explored. This could include encouraging more small businesses to join HMOs or developing other mechanisms to better manage their health care costs. However, we do not believe that this factor should be a bar to passing parity, which would enable thousands of Wisconsin citizens to receive the mental health and substance abuse treatment they need to be fully productive.

FULCRUM
CONSTRUCTION COMPANY

▲ Construction Management
▲ General Contracting
▲ Design/Build

20800 Swenson Drive
Waukesha, WI 53186
Phone (262) 784-5553
Fax (262) 784-0581

Testimony of Stephen G. Helfer

September 19, 2001

Senate Committee on Health, Utilities, Veterans and Military Affairs
Rod Moen, Chair

My name is Stephen G. Helfer. I am President and Owner of Fulcrum Construction Company, LLC. Our offices are at 20800 Swenson Drive, Waukesha, Wisconsin. I am a citizen of the state of Wisconsin, residing in Mequon. I am also a licensed Professional Engineer, registered in the State of Wisconsin.

Fulcrum Construction Company is a General Contractor that specializes in building office, medical and industrial and hotel facilities throughout Wisconsin and Northern Illinois, although most of our business is in the southeastern part of our state. We 'ply our trade' as General Contractors, but a more technically accurate way to describe the type of work we do is Construction Managers. As Construction Managers, we do not directly employ Carpenters, Ironworkers, Electricians, etc., but rather hire subcontractor specialists, and manage the overall project for a fee. Our clients are Real Estate Developers, Hospital Systems, Physician Practices, Manufacturers and Lodging Operators.

Fulcrum employs ten people in addition to myself, who work as project managers, superintendents, accounting and clerical staff. All company employees are covered by a health insurance plan, paid mostly by the employer. Fulcrum pays 100% of single person coverage and 60% (+/-) of family coverage.

I urge the committee to recommend passage of the parity bill, SB 157, to the full Senate for the following reasons:

1. I believe the bill must be supported considering a Cost/Benefit Analysis. As a construction manager, we do not have our assets tied up in equipment, but rather in people. For the most part, the positions we have require a lot of specialized training, that is people who posses the skills necessary are not readily available, making our current employees all the more valuable.

   - I am aware that numerous studies have concluded that the incremental cost of providing this added benefit is small.
   - Other studies have shown an almost parallel corresponding reduction in claims for "regular" health care services.
   - The potential cost to the employer of an employee suffering from a significant mental illness disability is large in terms of lost workdays and disruption to the business.

2. Fairness also compels passage of the bill. A health insurance benefit that discriminates between physical and mental health creates a significant hole that employees may 'fall through.'

- Why is a mental illness any less a health concern to both employees and employers, than cancer, diabetes, cardiac problems, etc?
- In December 1999, Fulcrum's health insurance provider, United Health Care, one of the largest in the US, suspended utilization reviews on physical coverage (whose policy coverage limits are in the millions) but not on mental coverage (whose policy limits are $5000 per year). Response from Ronald J. Hunsicker, Executive Director of the National Association of Addiction and Treatment Providers (*Forbes*, 3/6/00) says "if you give it the duck test ('if it looks like a duck, walks like a duck and tastes like a duck I'd call it a duck'), it looks, acts and tastes like discrimination."
- "Most people go to their graves with their music still inside." Oliver Wendell Holmes quote sums it up best. What are we, society, losing by not treating something as common as mental illness with a lesser zeal and commitment than we treat other physical ailments? Is the brain a less significant organ than the heart, liver or pancreas?

I am particularly interested in sharing my support of the parity bill with the committee because I am aware that small business is often portrayed as the enemy of parity legislation. Since it is cost effective and fundamentally fair this small businessman supports parity because it makes good business sense to do so.

Thank you for your consideration. If you wish further information from me I can be reached at 262/784-5553 or by email at Shelfer@flcrm.com.

Stephen G. Helfer
President

Testimony to the
Senate Health, Utilities, Veterans and Military Affairs Committee
Regarding SB 157: Health Insurance Parity for Mental Illness and Substance Abuse Disorders

Kathryn Jalas Franke, Advocacy Program Coordinator
Wisconsin Family Ties, Mental Health Association in Waukesha County, Inc.

I come before you today representing thousands of families throughout Wisconsin whom have children with serious emotional and/or behavioral disorders. My name is Kathryn Jalas Franke, and I represent Wisconsin Family Ties, a statewide support, education and advocacy organization run by parents of children with emotional, behavioral and mental health disorders. I am also here on behalf of the Mental Health Association in Waukesha County. We strongly support the passage of SB 157 the "Parity Bill", which will allow insurance plans to cover mental health services at the same level at which they cover physical health services.

In Wisconsin, the estimated number of children ages 9-17 with serious emotional disorders is 36,510. The numbers of children and the severity of their disorders are climbing rapidly. According to the American Psychological Association, children who do not receive adequate mental health services have a decreased chance of performing well in school and developing interpersonal skills necessary to becoming productive adults. Treatment plans that combine newer medications with therapy have shown excellent results. Early intervention can prevent the downward spiraling of a child's academic career. However, these interventions are often long term in nature, and are underused due to current insurance limits.

When parents realize that their child needs more in mental health services than their insurance plan will cover, that is the moment they look to the public sector for support. Isolated and overwhelmed, they will often be encouraged to file a Chips petition, relinquishing their parental rights to the county. Studies show that custody relinquishment affects as many as 20% of families of children with serious emotional disorders. Parents should not feel they have to give up their parental rights in order to obtain appropriate mental health services that will benefit and protect their child.

Only one in five children will receive the mental health treatment they need. Why? Because of limits to the number of covered treatments, exceeding annual benefit limits, and diagnoses not "on the list" for approved services. Nearly one half of students with mental disorders drop out of school between 9th and 12th grades. Yet, children are our most precious resource; our hope for the future.

Private health insurance as currently constituted discriminates against and victimizes some of Wisconsin's most vulnerable citizens. The public sector can hardly afford to continue to house children in institutions. Instead of waiting for mental health disorders to become severe and chronic, we must become proactive and preventive in our planning. The only answer is **broad based parity, as in SB 157**, which will provide expanded access by offering increased opportunities for early intervention. Health Insurance Parity will benefit our children greatly. Let's help children by providing early intervention that will assist them in maturing and eventually becoming productive adult citizens.

On behalf of Wisconsin's families, we *need* insurance parity. ***Please vote for the passage of SB 157 which will level the playing field for children in Wisconsin.*** Thank you for the opportunity to speak with you today.

September 19, 2001

Senate Bill 157
Parity for Health Insurance Coverage for Mental Health and Substance Abuse Treatment

We have two adult children with Schizophrenia. Our daughter when first treated with private insurance was covered only by 50% of what the insurance company determined it should cover. When she became 19 she was not covered and had to be treated by Brown County Services. We had to pay the bill by monthly installments.

Other illnesses were covered by 80% which sure was discrimination for a person who has a inherited disease which can hardly be treated with preventative medicine but can be treated pretty successfully if treated very early. She is working partime and is a active member of the community.

Our son who became seriously ill at age 30 and was not treated until he was 32 is doing much more poorly and is not able to partake in any social activities on his own and is being monitored by a worker twice a day. Early treatment works!

I can't understand why people afflected with these brain diseases are discriminated against. They have a right to proper treatment like anyone else, and a decent life in the community.

We have a grandson who is having some behavioral problems and is being treated for depression. I hope that he will have a chance to be treated properly if needed covered by insurance that will be the same as any other illness.

Beth Hoffman
367 Taft ST.
Green Bay, WI 54301

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Study after study demonstrate that mental health treatment can be successful even for people with more complex mental health conditions, yet health insurers and health care organizations routinely limit coverage and create arbitrary barriers to this care. A recent example of a widely used arbitrary barrier is the prior authorization requirement imposed by most managed care organizations on any psychotherapy in excess of four visits. Many health maintenance organizations maintain this barrier, despite numerous studies conducted by the health care industry itself that have shown that individuals do not overuse therapy visits when no prior approval is required. The unequal treatment of mental health care by insurers perpetuates the myth that mental health conditions are not biologically based and that individuals with a greater strength of character can overcome these illnesses.

According to the Surgeon General almost 21% of children and adolescents (ages 9 to 17) in 1996 had some evidence of distress or impairment associated with a specific mental health diagnosis. More than half of this group received no treatment from the health care system. Nearly half did receive some treatment from schools or the human services sector. Schools, in fact, were the primary place where children received mental health services. When health insurance doesn't cover mental health services, local schools end up providing care and taxpayers fund it.

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The same report by the Surgeon General documented that 28% of adults had a diagnosable mental or substance abuse disorder although less than one-third of them received treatment for their condition. Another study showed that up to 17% of adults experience major depression at some point in their life. A report on Depression and Low-Income Women: Challenges for TANF and Welfare-to-Work Policies and Programs issued by The National Center for Children in Poverty showed that depression is much higher among low-income women. Other studies report that lack of treatment for depression is common for people of all economic classes, despite the measurable effects of depression on the body and the effectiveness of medication especially in combination with psychotherapy.

When parents do not receive care, children are harmed. When health care is not provided, the negative effects of mental illness linger and people sometimes lose jobs or lack the energy to find work. Their children then experience all the negative effects of poverty. Studies show that children of depressed mothers are at higher risk of suicidal thoughts and behaviors and at higher risk for medical problems and hospitalization. Mothers of abused and neglected children are much more likely to be depressed than are other mothers. Children of depressed parents are more likely to develop problem behaviors and, later in life, their own mental illnesses. While genetics undoubtedly plays some role in the development of mental illness in these children, several studies have shown that environmental factors -- including the parents' energy to parent -- have a significant effect on whether the children develop mental illness. Just as whether you or I develop cancer later in life has something to do with genetics, it also has something to do with our adoption of healthy lifestyles that decrease the possibility of developing cancer. Similarly, children of depressed mothers, if given a chance, can develop healthy habits that allow them to manage their illness.

When people cannot access treatment through health insurance, they turn to publicly funded programs. Again, according to the Surgeon General's report, private insurance spent 6% of its health care dollars on mental health care, whereas Medicaid spent 9% and state and local governments spent 18% on mental health care. When private health insurance doesn't pay for care, government does.

Requiring insurers to fully cover mental health services, is important to improving the health of our workforce, to reducing overall health care expenditures which could lead to lower health insurance rates, and to reducing state and local costs for mental health care. We urge you to pass SB 157 because it will help children and families and because it makes economic sense for our state.

Data Sources:

Mental Health: A Report of the Surgeon General, 1999 (http://www.surgeongeneral.gov/library/mentalhealth/home.html).

Depression and Low-Income Women: Challenges for TANF and Welfare-to-Work Policies and Programs, National Center for Children and Poverty, March 2001 (www.researchforum.org).

Labor Day Report 2001: Untreated and Mistreated Mental Illness and Substance Abuse costs U.S. $113 billion a Year, September, 2001 (http://www.nmha.org/pdfdocs/ laborday2001.pdf).

HIAA®

Health Insurance Association of America

The Health Insurance Association of America (HIAA) Opposes SB 157, Mental Health Parity

Testimony Before the Senate Committee on Health, Utilities, Veterans Committee and Military Affairs

Chairman Moen, members of the committee, my name is Ron Hermes and I represent the Health Insurance Association of America (HIAA). HIAA is the nation's most prominent trade association representing the private health care system. Its members provide health, long-term care, disability, dental, and supplemental coverage to more than 123 million Americans.

HIAA is opposed to Senate Bill 157, relating to the expansion of health insurance coverage of nervous and mental disorders, alcoholism and other drug abuse problems also known as mental health parity.

We are opposed to the removal of the current cap on mental health and substance abuse treatment and replacing it with a mandate that will increase cost of insurance premiums by forcing group health benefit plans to cover the treatment of mental disorders and alcoholism and other drug abuse problems with the same coverage for the treatment of physical conditions or illnesses.

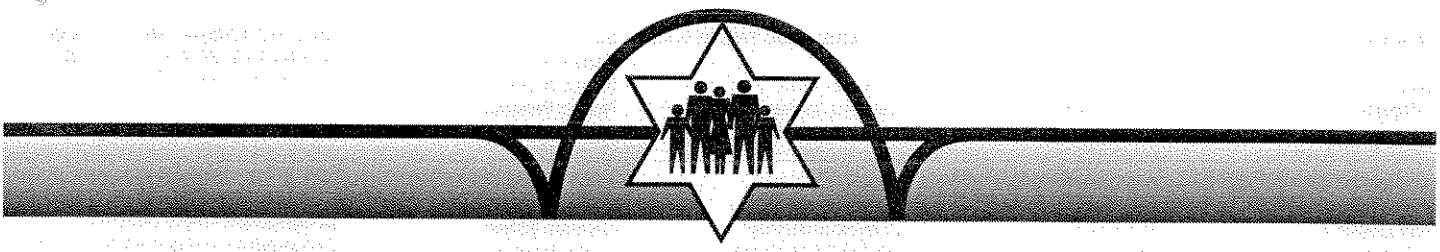
You will hear today from my colleagues of the increased cost of health insurance if this bill is passed. I will not burden you with a lot of additional statistics. However, you must keep in mind that part of the cost increases that have been prominently discussed recently here in Wisconsin are due to the increased utilization of health care services. By passing this legislation, you may be adding to this cost problem. And please keep in mind that the Congressional Budget Office has estimated that, nationwide, 200,000 people will lose their health insurance coverage for every 1% increase in premium cost.

Actuaries, insurers and health economists agree that virtually all mandates increase the cost of health insurance. According to a study done by health economists Gail Jensen and Jon Gabel, mandated coverage increases premiums by 6% to 8% for substance abuse, 10% to 13% for mental health care and as much as 21% for psychiatric hospital care for employee dependents.

Who pays for the increased premiums? Employees. Although, an employee may be provided a benefit package from an employer, we all know that these benefits are part of an employee's total wage package. Therefore, if an employer has to pay more for employee health insurance premiums, the employee will be receiving less in take home pay. It can also mean that employers may decide to eliminate employee health plans because they are too expensive, which in turn means more people are uninsured.

In a study done by Alan L. Otten for the Milbank Memorial Fund, the Employee Benefit Research Institute "warns that if parity does increase employer costs and brings increases in workers' premiums, 'we can expect continued erosion in employment-based health insurance coverage.'"

HIAA encourages you to oppose SB 157 to help keep the costs of health care to a minimum and to prevent fewer Americans from having health insurance.



Milwaukee Jewish Council for Community Relations

Testimony Before the Senate Health, Utilities, and Veterans and Military Affairs Committee

Wednesday September 19, 2001

Barbara Beckert, Assistant Director: Milwaukee Jewish Council for Community Relations
Judy Strauss, Vice President of Program Services: Jewish Family Services

Thank you for the opportunity to testify today at this important hearing. We are testifying on behalf of our respective agencies, the Milwaukee Jewish Council for Community Relations, which represents 28 local Jewish organizations, agencies and synagogues and Jewish Family Services which provides comprehensive social services for Milwaukee area individuals and families.

Jewish tradition teaches us that providing health care is not just an obligation for the patient and the doctor, but for society as well. It is for this reason that Maimonides, a revered Jewish scholar, listed health care first on his list of the ten most important communal services that a city had to offer to its residents. Our tradition recognizes that good health encompasses not only the physical dimension, but also the mental, and that the obligation to maintain mental health is an important component of the broader obligation to preserve health.

We want to share with you the concerns of our community members, clients, and service providers regarding parity for mental health services. Coverage for mental health services is very limited under most private insurance plans and government programs and far more restrictive than the coverage provided for treatment of other illnesses. We strongly support enactment of legislation to reduce financial barriers to treatment including creating parity in the treatment of physical and mental illnesses under private health insurance plans and government programs. Many of you have been strong supporters of mental health parity in the past. We thank you for your past support and urge you to act now to pass SB 157.

Our Jewish community agencies play a significant role in delivery of mental health services through nursing homes, assisted living facilities, family service agencies, community centers, hospitals, and other programs. In Milwaukee, service providers of mental health and counseling services include Jewish Family Services, the Jewish Home and Care Center, the Jewish Chaplaincy Program, and the Jewish Community Center.

Limited coverage of mental health services has had a major impact on Jewish Family Services (JFS) and the clients they serve. As a provider of mental health services, Jewish Family Services is contacted by individuals and families in urgent need of mental health services, but with little or no insurance coverage. The majority are employed full time and working hard at low wage jobs with minimal insurance coverage. There is nowhere to refer these individuals

who are so desperately in need of help but lack the necessary insurance coverage and financial resources. In the past, these individuals were often served by Milwaukee County but this is no longer the case. Because of funding cutbacks, the County has been forced to cut back dramatically on mental health services, including targeted case management, the community support program, and major cuts in beds at the county mental health complex.

In an attempt to provide an ethical and caring response to this human suffering, JFS is one of the few agencies in the community to provide mental health services on a sliding scale. Last year, over 100 families with inadequate insurance coverage received hundreds of hours of counseling services from JFS staff and paid what they could - generally $10 - $20 per visit. Because of the large number of clients who don't have coverage or have very limited coverage, our counseling services run at a loss and we have had to cut back staff by 2.5 positions. For the first time, we have a waiting list for counseling services. In addition to the hundred plus families who receive help because of our sliding scale, we know there are hundreds more greatly in need of help, who don't receive it, because they are too proud to ask for financial assistance.

More than 50 million adults - nearly 25% of the U.S. adult population - annually suffer from mental disorders or substance abuse disorders (American Psychiatric Association). Despite stereotypes and misconceptions about the intractability of mental illness, these brain disorders are treatable. Research has given us effective treatments and service delivery strategies for many mental disorders. Just as a diabetic takes insulin, most people with serious mental illness need medication to help control symptoms. Supportive counseling, self-help groups, housing, vocational rehabilitation, income assistance and other community services can also provide support and stability, contributing to recovery.

Financial concerns are a major reason most people who need treatment don't get it. According to the Surgeon General, 75-80% of children and adolescents in need of mental health treatment fail to get specialty treatment and most get no treatment at all. Surveys consistently document that a majority of individuals with depression receive no form of treatment. Half of the individuals who need alcohol/drug abuse treatment - and 80% of adolescents who need this treatment - do not receive it. All this causes undue pain and disability. People do not seek needed mental health care because of cost concerns. These concerns are made worse by the disparity in private insurance coverage for mental health and substance abuse disorders in contrast to other illnesses. The long-term consequences of these untreated disorders are costly, in both human and fiscal terms.

In closing, we urge you to act now to pass SB 157. We support passage of parity legislation, including SB 157, as well as changes in government programs such as Medicare, to provide parity for mental health and alcohol/ drug abuse disorders, including coverage for prescription drugs. The National Institute of Mental Health has found that parity may increase insurance premiums about 1% but would result in decreases in total health care costs. Businesses that provide insurance coverage of mental illnesses have also found an unexpected benefit in reduced sick leave for physical ailments. Increased productivity and fewer sick days have resulted in a net positive for these businesses. Parity makes good economic sense.

Thank you for your consideration.

Lutheran Office for Public Policy in Wisconsin
322 East Washington Avenue • Madison, WI 53703-2834
608-255-7399 • FAX 608-255-7395; slarson@itis.com
Rev. Sue Moline Larson, Director

HEALTH, UTILITIES, VETERANS & MILITARY AFFAIRS COMMITTEE
Senator Rodney Moen, Chairperson
HEARING ON SENATE BILL 157, MENTAL HEALTH PARITY
Room 411 South, State Capitol, 10:00 AM
September 19, 2001

Dear Senator Moen and Committee members,

Thank you for the opportunity to offer testimony today on SB 157, the mental health parity bill. I am Rev. Sue Moline Larson, director of the Lutheran Office for Public Policy in Wisconsin, the legislative advocacy office of the six synods of the Evangelical Lutheran Church in America with congregations in Wisconsin. The ELCA is the largest Lutheran body in the US and has a legislative advocacy presence in eighteen states.

The US Surgeon General has published a landmark report on mental health that speaks to the importance of mental health for family, community, and society. It is, as the report says, "the wellspring of thinking, learning, and self esteem." Yet the majority of people in the country with diagnosable disorders do not receive treatment. More that any other area of health and medicine, mental health is plagued by disparities in availability and access to services. This is true despite the wide range of treatment options that are available and their well-documented effectiveness.

The Surgeon General's report is based on the tremendous advancements in the scientific base of understanding of the remarkable complexity of the brain and its effect on human behavior, as well as on the strong consensus among the majority of Americans that we can no longer view mental health as separate from or lesser than overall physical health. Because the brain mediates biological, psychological and social thought, behavior and emotion, success in all things, school, occupation, parenting, relationships, which borders on being an American obsession, hinges on a foundation of mental health and well-being.

Not surprisingly, minorities receive less care, and poorer quality care. They have more lost work days, and a disproportionately greater burden from unadressed mental health needs. There are real and grave consequences in the lack of benefits from and contributions to society when racism, discrimination and poverty take their toll on mental health. Thus what brings advocates and consumers alike to this hearing today is a common understanding of how urgent it is that we eliminate discrimination in health care coverage for nervous and mental disorders, and for treatment of addictions.

The Evangelical Lutheran Church in American is in the process of formulating a social policy statement on health care. Social services agencies, advocates, theologians, and church leaders have reviewed the first draft of the study document. It states that "extending access is consistent with our vision of health and healing." God impels us to seek justice on behalf of our neighbors so that they may have equal access to needed care.

In response to the concern about how this can be afforded, the statement says, "Coverage would be equitably financed on the basis of payment by employees and employers or by public taxation and funding." As a mandate to the church, it urges that, "As citizens, we need to speak out about and participate in public debates and decisions about ...health care policy, especially on behalf of those who lack access to health care."

Now a personal illustration: a family member now in her 60's suffered a mental breakdown following the birth of her fourth child. As a young woman, she consistently excelled in academics, the arts, and in sports, achieving awards and recognitions. But without needed mental health treatment, in the years since the illness first appeared, her physical health has deteriorated, and her participation in church and community has virtually ceased. In response to their mother's illness, her children have lived with a deep concern about mental disorders, and have worked to address it in their professional lives, one working as a therapist with the elderly mentally ill, and one as a researcher with the Centers for Disease Control.

For my sister, the loss of her contributions to the family, community, and society, tragically illustrates the premise of the Surgeon General's report on mental health. The legislation before us today is an absolute necessity as a first step to ameliorate the situations of those whose testimony you have heard in this and other hearings, and whose stories you understand because of your own experiences with family and friends with similar needs. I urge you to send this legislation on for approval in the full Senate, and I ask that you work with your colleagues in the Assembly to work for approval there. We must begin offering the needed levels of treatment so Wisconsin citizens with mental health or addiction issues may live full and fruitful lives.

Thank you.

NAMI wisconsin
the state's voice on mental illness

4233 West Beltline Highway
Madison, WI 53711
(608) 268-6000 ❖ (800) 236-2988
Fax (608) 268-6004
www.namiwisconsin.org
email: nami@namiwisconsin.org

TO MEMBERS OF THE COMMITTEE ON HEALTH, UTILITIES, VETERANS AND MILITARY AFFAIRS

My name is Catherine Beilman. I am chair of the Legislative Committee of NAMI Wisconsin and am one of the co-chairs of the Coalition For Fairness in Mental Health and Substance Abuse Insurance.

Thank you for this opportunity to speak in favor of S.B. 157.

There are now 33 states with parity laws.

I would like to call your attention to recent research that addresses the issue of mental health/ substance abuse insurance parity.

1. **Surgeon-General David Satcher's three reports: Mental Health, A Report of the Surgeon General; Mental Health , Children 's Report, and the most recent: Mental Health: Culture, Race, and Ethnicity**. In all three reports, the lack of insurance parity is named as one of the major barriers to access to mental health care.

   - "Concerns about the cost of care – concerns made worse by the disparity in insurance coverage for mental disorders in contrast to other illnesses – are among the foremost reasons why people do not seek needed mental health care.. … Equality between mental health coverage and other health coverage – a concept known as parity – is an affordable and effective objective."

   - Substance abuse is a major co-occurring problem for adults with mental disorders. Evidence supports combined treatment, although there are substantial gaps between what research recommends and what typically is available in communities.

   - Mental illness can now be diagnosed and treated as precisely and effectively as other medical disorders.

   - In the United States today, the highest rate of suicide – an all-too-common consequence of unrecognized or inappropriately-treated depression – is found in older males.

- An alarming number of children and adults with nental illness are in the criminal justice system inappropriately.

2. **The Washington Business Group (WBGH) (selected to assist the U.S. office of Personnel Management in the transition of the Federal Employee Health Benefit Program to full mental health and substance abuse parity).** WBGH provided the OPM with an analysis of the experiences, best practices and recommendations from some of its large employer members who provide parity or near-parity mental health and substance abuse benefits to their employees and their families.

   - "...employers provide generous mental health and substance abuse benefits to their employees and their families because they are convinced that doing so is essential to the corporate 'bottom line'"

   - "Employer plans with good access to outpatient mental health services have **lower psychiatric disability claims costs** than plans with more restrictive arrangements."

   - Employers were able to provide generous nental health and substance abuse benefits, contain and in some cases reduce costs, and at the same time improve their employees access to quality mental health and substance abuse care.

   - The costs of providing appropriate treatment for mental and addictive disorders must be measured in a larger context that also considers disability costs, employee absenteeism and lost productivity.

3. **National Advisory Mental Health Council Report, June 2000 (reports periodically to Senate Appropriations Committee on parity)**

   - A recently updated simulated model by the Hay Group estimates an approximately 1.4% increase (down from 3.6%) in total health insurance premium costs when parity is implemented.

   - Recent research supports and expands earlier findings that implementing parity results in a minimal, if any, increase in total health costs.

This and other recent research confirms the conclusions of earlier research that found parity would cost less than a 1% increase in premiums.

Testimony to the Senate Health, Utilities, Veterans and Military Affairs Committee Concerning SB 157: Health Insurance Parity for Mental Illness and Substance Abuse Disorders

Shel Gross, Director of Public Policy
Mental Health Association in Milwaukee County

My name is Shel Gross. I am the Director of Public Policy for the Mental Health Association in Milwaukee County. I also convene a public policy council of other Mental Health Associations in Wisconsin, which include affiliates in Sheboygan, Waukesha, Brown, Calumet and Manitowoc counties. I know that I speak for all of these organizations in our strong support for health insurance parity for mental health and substance abuse.

You will hear from many people today with the multitude of arguments supporting this bill. I wish to cover two fairly discrete pieces of this whole: the fiscal impact on state government resources and the impact on overall insurance coverage.

First with regard to the fiscal estimate for state employee health insurance premiums you will note that the bill shows an estimated cost of either $461,000 or $3.87m., depending upon whether the State of Wisconsin needs to comply with the requirements of the federal Mental Health Parity Act (MHPA). The MHPA act allows entities to request exemptions from the Act if they can demonstrate that meeting the provisions of the Act has increased their insurance premiums by more than 1%. The Department of Employee Trust Funds (DETF) has reported that they determined last year that the MHPA increased their premiums by .7%, therefore the State remains subject to the Act. Staff from DETF has reported to me that they are not seeking exemption for 2001-2002 while they collect additional data. I would point out that the $461,000 represents .13% of health insurance premium costs. Even the larger $3.87m. represents an increase of only 1.13% in health insurance premium costs.

With regard to overall insurance coverage, I need to correct a misrepresentation of information by the Office of the Commissioner of Insurance (OCI). In a June 20, 2000 letter to the legislative leadership the OCI stated, "According to the Congressional Budget Office estimates for every 1% increase in premiums, approximately 200,000 persons nationally become uninsured." The OCI makes these estimates sound conclusive. However, what the CBO report says is the following:

> CBO estimates that the parity requirement could result in 400,000 fewer workers (800,000 fewer workers and dependents) having employment-based coverage than otherwise. But those estimates are highly uncertain because of the large margins of error in the study on which they are based. (Indeed, the possibility that the parity amendment would have no effects at all on the <u>number</u> of covered workers is within the margin of error.)

What this means is that no conclusion can be drawn from this study about the impact on the number of uninsured.

However, Ronald E. Bachman, FAA, MAAA, Principal with PricewaterhouseCoopers LLP, who has studied actual parity implementation in a large number of states had this to say:

> There are **no examples** where mental health parity has been enacted in a state and a measurable increase in uninsured has been detected (emphasis is the authors).

Thank you for this opportunity to testify in behalf of this important legislation.

Mary E. Panzer
Senate Republican Leader

MENTAL HEALTH PARITY

SB 157

Senator Mary Panzer

We are here today to talk about the need for and importance of parity in mental health insurance coverage. Current public policy on required insurance coverage is based on information that dates back to the 50's and 60's. It does not reflect the advances that have been made in the diagnosis and treatment of mental and nervous disorders. We know today that most of these diseases are biological in nature and can be treated with medication. It is past time to change the law to reflect that reality.

Current law sets minimum coverage levels for nervous and mental disorders and alcoholism and other drug abuse. These minimum levels become ceilings in practice. SB 157 removes these minimum levels and requires insurance policies to cover nervous and mental disorders and alcoholism and other drug abuse in the same manner that they cover physical illnesses. The bill applies to all types of group health benefit plans, including managed care plans, insurance plans offered by the state and self-insured plans of the state and municipalities.

CAPITOL OFFICE: P.O. Box 7882, Madison, WI 53707-7882
Phone: 608-266-7513 • Fax: 608-267-0590 • Toll-free: 800-362-9472 • E-mail: Sen.Panzer@legis.state.wi.us
DISTRICT OFFICE: 544 South Main, West Bend, WI 53095 • Phone: 262-335-5350 • Toll-free: 800-662-1227

The requirement that coverage be the same for nervous and mental disorders as for physical disorders applies to components such as deductibles, copayments, annual and lifetime limits and medical necessity definitions.

SB 157 is similar to the federal Mental Health Parity Act in many ways, but it includes a couple of important provisions that the federal act does not. SB 157 removes the annual dollar maximums for AODA treatment and it eliminates the 30-day inpatient limit for mental health services that are present under the federal act.

The issue ultimately returns to one of fairness. Given the biological nature of both mental and physical illnesses, why do we treat them differently from an insurance coverage standpoint?

Let me next address the issue of costs. When we first began discussing this issue several years ago, fears were expressed that mental health parity would lead to double digit or worse increases in insurance premiums. These fears have not been borne out in any of the states which have passed parity legislation.

Minnesota is a good example, both because of their geographic proximity and because their mental health parity law is quite comparable to what is proposed in SB 157. Minnesota's parity law has been in place since 1995. Allina Health System in Minnesota reported that the parity requirement would add 26 cents per member per month for each of its 460,000 enrollees. The insurance plan for Minnesota state employees was

estimated to increase premiums in the range of 1 to 2 percent. Blue Cross/Blue Shield was able to lower premiums 5 to 6 percent even after implementation of parity.

Some samples of data from other states show similar trends. Maryland found that the proportion of the total medical premium attributable to the mental health parity benefit **decreased** by 0.2 percent after implementation of full parity. Rhode Island has seen an increase of 0.33 percent in mental health benefit costs since parity was implemented in 1994. North Carolina, which has had parity since 1992, has seen mental health payments as a percentage of total health payments decrease from 6.4 percent to 3.4 percent as of fiscal year 1996.

Let me talk a little bit about why costs to the system do not rise dramatically. Untreated mental illness inevitably gives rise to physical symptoms. These physical symptoms are treatable and are generally covered by insurance. Treating the symptoms, however, will not cure the illness. Until the illness is dealt with, physical symptoms will continue to appear and will be paid for under the existing system. Businesses which provide for mental health coverage have discovered a decrease for claims under physical illnesses.

The other side of the cost issue is the societal cost. A study by the National Institute of Mental Health found that mental and addictive disorders cost $300 billion annually: productivity losses of $150 billion, health care costs of $70 billion, and other costs – such as criminal justice – of $80 billion. A 1995 study by the MIT Sloan School of

Management found that clinical depression alone costs American businesses $28.8 billion each year in lost productivity and absenteeism.

There are several reasons why mental health parity makes sense:

- Treatment is highly effective.
- Cost of coverage is minimal
- Overall cost produce a net benefit when increased productivity and reduced sick leave is factored into the equation.
- Exclusion of mental illness coverage is arbitrary and not a decision driven by cost.

Another aspect of mental health treatment that is getting increasing attention is the mental health needs of children. It is estimated that between 15 and 25 percent of children evaluated in primary care settings have significant psychosocial disorders requiring some type of intervention. Only 1 in 5 of these children are identified as needing help. Children with unrecognized or untreated mental disorders cannot learn adequately at school. Nearly half the students with mental disorders drop out of grades 9-12. Of these dropouts, 73 percent are arrested within 5 years of leaving school. These children wind up in our juvenile and adult corrections system. A system that is, quite frankly, ill-equipped to diagnose and treat their mental illnesses. Mental illness for adults and children should be dealt with in a health care system, not the criminal justice system.

Wisconsin is in the fast shrinking minority of states without a mental health parity law. As of August of this year, 34 states have some form of parity laws. Missouri, Kansas and Illinois have all passed parity laws this year.

To conclude, lack of insurance coverage for mental illness is a serious problem that has real impact on Wisconsin families. Mental health coverage is basic health coverage, and far too many people are without this basic health coverage. SB 157 makes good economic sense, and it's the right thing to do. I would encourage your support of this legislation.

September 19, 2001

It is discrimination to offer insurance coverage for mental illnesses at lesser amounts than other physical illnesses. I have what I consider very good health insurance for my family. It covers the cost of medical expenses, usually at 100% for me and my family.

My group insurance plan covers mental illnesses at 90%. So, when my son was hospitalized for four and one half months in one year, (the time he was diagnosed as having schizophrenia), the co-pay amount we had to pay was staggering. It took years to pay it off on the installment plan. But, at least we had insurance that paid most of the bill and my husband and I had jobs where we could earn money to pay the remainder of the bill.

My experience with this discrimination pales in comparison to what other people with mental illnesses (consumers) have encountered. Although severe and persistent mental illnesses are exactly the kind of health problems for which insurance is most needed–that is, problems for which the cost of care is enough to overwhelm almost any budget–many consumers find difficulty obtaining or retaining such coverage. In a recent survey, almost 30% said they had been turned down for health insurance, with their "preexisting" mental disorder the usual cause of denial.

Those who can obtain health insurance face problems created by the nature and degree of coverage provided for mental illnesses. The discriminatory aspect of most health insurance policies is the amount of coverage provided for mental health care: it is often substantially less than that for physical health problems, and therefore inadequate to the needs of people with mental illnesses, particularly those with severe and persistent illnesses who may need multiple hospitalizations and long-term care.

I'll close my comments today with another example of discrimination. Earlier this year, I was able to convince my health insurance provider to write a referral to a provider of case management services, for a case worker to work with my son to overcome the extreme anxiety he feels when he leaves his room. The referral covered twenty half-hour in home sessions. At the end of those twenty sessions, my son had not made sufficient, measurable progress to warrant more sessions. So, the referral was stopped. Why? I asked. The anxiety is a symptom of his illness. Would you stop treating the symptoms of heart disease if they were minimized, or if a person had not made sufficient, measurable progress? What makes the symptoms of one illness more treatable than another? Why does one part of the body, the brain, warrant less insurance coverage than another part of the body, like the heart?

Thank you for the opportunity to speak at this hearing today.

Sue Petkovsek
6217 Fredericksburg Lane
Madison, Wisconsin 53718-8269
Phone (608) 221-0660
Email: raysuep@churus.net

SB157

WISCONSIN STATE SENATE
RODNEY C. MOEN
SENATOR – 31ST DISTRICT

State Capitol, P.O. Box 7882, Madison, Wisconsin 53707-7882 Phone: (608) 266-8546 Toll-free: 1-877-ROD-MOEN

TO: Members, Senate Committee on Health, Utilities and Veterans and Military Affairs

FROM: Senator Rod Moen, Chair

RE: Senate Bill 157, relating to health insurance coverage of nervous and mental disorders, alcoholism and other drug abuse problems.

DATE: September 26, 2001

Introduction of the proposed amendment to Senate Bill 157 has failed on a vote of 6 to 3. Attached please find a paper ballot motion for simple passage of Senate Bill 157 without the amendment.

Please return the paper ballot to my office by **10:00 AM on Friday, September 28.** If you have any questions, please do not hesitate to contact me.

MOTION: SENATE BILL 157, RELATING TO HEALTH INSURANCE COVERAGE OF NERVOUS AND MENTAL DISORDERS, ALCOHOLISM AND OTHER DRUG ABUSE PROBLEMS

Move adoption of the following motion:

Moved: Passage of Senate Bill 157.

☐ **Aye**

☒ **No**

Signature: Scott Fitzgerald

Date: 9-27-01

MOTION: SENATE BILL 157, RELATING TO HEALTH INSURANCE COVERAGE OF NERVOUS AND MENTAL DISORDERS, ALCOHOLISM AND OTHER DRUG ABUSE PROBLEMS

Move adoption of the following motion:

Moved: Passage of Senate Bill 157.

☐ **Aye**

☒ **No**

Signature: Mary Lazich

Date: 9-26-01

MOTION: SENATE BILL 157, RELATING TO HEALTH INSURANCE COVERAGE OF NERVOUS AND MENTAL DISORDERS, ALCOHOLISM AND OTHER DRUG ABUSE PROBLEMS

Move adoption of the following motion:

Moved: Passage of Senate Bill 157.

☐ **Aye**

☒ **No**

Signature: _____

Date: _____

MOTION: SENATE BILL 157, RELATING TO HEALTH INSURANCE COVERAGE OF NERVOUS AND MENTAL DISORDERS, ALCOHOLISM AND OTHER DRUG ABUSE PROBLEMS

Move adoption of the following motion:

Moved: Passage of Senate Bill 157.

☐ **Aye**

☒ **No**

Signature: Roger Bruskin

Date: 9/27/01

MOTION: SENATE BILL 157, RELATING TO HEALTH INSURANCE COVERAGE OF NERVOUS AND MENTAL DISORDERS, ALCOHOLISM AND OTHER DRUG ABUSE PROBLEMS

Move adoption of the following motion:

Moved: Passage of Senate Bill 157.

☒ **Aye**

☐ **No**

Signature: Judy Robson

Date: 9-10-01

MOTION: SENATE BILL 157, RELATING TO HEALTH INSURANCE COVERAGE OF NERVOUS AND MENTAL DISORDERS, ALCOHOLISM AND OTHER DRUG ABUSE PROBLEMS

Move adoption of the following motion:

Moved: Passage of Senate Bill 157.

☒ **Aye**

☐ **No**

Signature: Leonard Rosenzweig

Date: 27 Sept 2021

MOTION: SENATE BILL 157, RELATING TO HEALTH INSURANCE COVERAGE OF NERVOUS AND MENTAL DISORDERS, ALCOHOLISM AND OTHER DRUG ABUSE PROBLEMS

Move adoption of the following motion:

Moved: Passage of Senate Bill 157.

☒ **Aye**

☐ **No**

Signature: R C Moen

Date: _____

MOTION: SENATE BILL 157, RELATING TO HEALTH INSURANCE COVERAGE OF NERVOUS AND MENTAL DISORDERS, ALCOHOLISM AND OTHER DRUG ABUSE PROBLEMS

Move adoption of the following motion:

Moved: Passage of Senate Bill 157.

☒ **Aye**

☐ **No**

Signature: Mark Meyer

Date: 9/27/01

MOTION: SENATE BILL 157, RELATING TO HEALTH INSURANCE COVERAGE OF NERVOUS AND MENTAL DISORDERS, ALCOHOLISM AND OTHER DRUG ABUSE PROBLEMS

Move adoption of the following motion:

Moved: Passage of Senate Bill 157.

☒ **Aye**

☐ **No**

Signature: X _____

Date: SEPTEMBER 27, 2001

WISCONSIN STATE SENATE
RODNEY C. MOEN
SENATOR – 31ST DISTRICT

State Capitol, P.O. Box 7882, Madison, Wisconsin 53707-7882 Phone: (608) 266-8546 Toll-free: 1-877-ROD-MOEN

TO: Members, Senate Committee on Health, Utilities and Veterans and Military Affairs

FROM: Senator Rod Moen, Chair

RE: Senate Bill 157, relating to health insurance coverage of nervous and mental disorders, alcoholism and other drug abuse problems.

DATE: September 26, 2001

On September 19, 2001, the committee held a hearing on Senate Bill 157, relating to health insurance coverage of nervous and mental disorders, alcoholism, and other drug abuse problems. Attached please find an amendment (WLC 0194/2) proposed by Senator Lazich to Senate Bill 157.

Also attached is a paper ballot motion for introduction of WLC 0194/2. I will send out a paper ballot on passage, or passage as amended, tomorrow morning after we know the results of this ballot.

Laura Rose of the Legislative Council will provide members with additional information on the amendment later this morning. Please return the paper ballot to my office by **10:00 AM TOMORROW**. If you have any questions, please do not hesitate to contact me.

MOTION: SENATE BILL 157, RELATING TO HEALTH INSURANCE COVERAGE OF NERVOUS AND MENTAL DISORDERS, ALCOHOLISM AND OTHER DRUG ABUSE PROBLEMS

Move adoption of the following motion:

Moved: Introduction of Senate Amendment 1 (WLC 0194/2) to Senate Bill 157.

☒ **Aye**

☐ **No**

Signature: _____

Date: 9-26-01

MOTION: SENATE BILL 157, RELATING TO HEALTH INSURANCE COVERAGE OF NERVOUS AND MENTAL DISORDERS, ALCOHOLISM AND OTHER DRUG ABUSE PROBLEMS

Move adoption of the following motion:

Moved: Introduction of Senate Amendment 1 (WLC 0194/2) to Senate Bill 157.

☒ **Aye**

☐ **No**

Signature: Peggy Rosenzweig

Date: 26 Sept 2001

MOTION: SENATE BILL 157, RELATING TO HEALTH INSURANCE COVERAGE OF NERVOUS AND MENTAL DISORDERS, ALCOHOLISM AND OTHER DRUG ABUSE PROBLEMS

Move adoption of the following motion:

Moved: Introduction of Senate Amendment 1 (WLC 0194/2) to Senate Bill 157.

☒ **Aye**

☐ **No**

Signature: Mary Lazich

Date: 9-26-01

MOTION: SENATE BILL 157, RELATING TO HEALTH INSURANCE COVERAGE OF NERVOUS AND MENTAL DISORDERS, ALCOHOLISM AND OTHER DRUG ABUSE PROBLEMS

Move adoption of the following motion:

Moved: Introduction of Senate Amendment 1 (WLC 0194/2) to Senate Bill 157.

☐ **Aye**

☒ **No**

Signature: Mark Meyer

Date: 7/27/07

MOTION: SENATE BILL 157, RELATING TO HEALTH INSURANCE COVERAGE OF NERVOUS AND MENTAL DISORDERS, ALCOHOLISM AND OTHER DRUG ABUSE PROBLEMS

Move adoption of the following motion:

Moved: Introduction of Senate Amendment 1 (WLC 0194/2) to Senate Bill 157.

☐ **Aye**

☒ **No**

Signature: _____

Date: Sept 26, 2001

MOTION: SENATE BILL 157, RELATING TO HEALTH INSURANCE COVERAGE OF NERVOUS AND MENTAL DISORDERS, ALCOHOLISM AND OTHER DRUG ABUSE PROBLEMS

Move adoption of the following motion:

Moved: Introduction of Senate Amendment 1 (WLC 0194/2) to Senate Bill 157.

☐ **Aye**

☑ **No**

Signature: Roger Breske

Date: 9-27-01

MOTION: SENATE BILL 157, RELATING TO HEALTH INSURANCE COVERAGE OF NERVOUS AND MENTAL DISORDERS, ALCOHOLISM AND OTHER DRUG ABUSE PROBLEMS

Move adoption of the following motion:

Moved: Introduction of Senate Amendment 1 (WLC 0194/2) to Senate Bill 157.

~~Aye~~

☒ No SLF

Signature: _____

Date: 26 Sept 01

MOTION: SENATE BILL 157, RELATING TO HEALTH INSURANCE COVERAGE OF NERVOUS AND MENTAL DISORDERS, ALCOHOLISM AND OTHER DRUG ABUSE PROBLEMS

Move adoption of the following motion:

Moved: Introduction of Senate Amendment 1 (WLC 0194/2) to Senate Bill 157.

☐ **Aye**

☒ **No**

Signature: _____

Date: 9-26-01

MOTION: SENATE BILL 157, RELATING TO HEALTH INSURANCE COVERAGE OF NERVOUS AND MENTAL DISORDERS, ALCOHOLISM AND OTHER DRUG ABUSE PROBLEMS

Move adoption of the following motion:

Moved: Introduction of Senate Amendment 1 (WLC 0194/2) to Senate Bill 157.

☐ **Aye**

☒ **No**

Signature: RC Moen

Date: _____

COMMITTEE COPY

State Medical Society of Wisconsin
Working together, advancing the health of the people of Wisconsin

September 19, 2001

Senator Rod Moen
Chair, Health Committee
Wisconsin State Senate

Dear Senator Moen:

Thank you for accepting my written testimony at today's meeting of the Health Committee. I commend Senator Panzer for bringing forth this legislation.

As my written remarks state, I am a practicing physician who appears before you today representing the State Medical Society of Wisconsin and its 9,000 member physicians and the American Society of Addiction Medicine (ASAM) and its 3,000 member physicians.

Let me take the opportunity to walk you and the members of your Committee through my testimony and the supplementary materials I have provided.

Many of the documents are Public Policy Statements of the American Society of Addiction Medicine related to addiction, addiction treatment, and parity. You should also be aware that it is the policy of the American Medical Association—to whom I serve as an Alternate Delegate from our State Medical Society—that insurance coverage for mental illness and substance-related disorders should be at-par with insurance coverage for other health conditions. This means that if there are co-pays, deductables, or benefit caps for general medical conditions, the co-pays, deductables, benefit limits and other self-pay provisions for psychiatric and addiction medicine care should be no different.

- First is my testimony, accompanied by the "Core Principles for Parity Legislation" as drafted by a National Coalition of which ASAM is a member.

- Next is material on what alcoholism and drug addiction are, conditions which ASAM insists should be included in any parity bill. The marginal costs of including addiction diagnoses in a parity bill are quite small, and the costs of treating medical problems caused by substance use are unacceptably high to leave addiction conditions uncovered in a parity bill. The first piece is from a briefing book prepared by the National Conference of State Legislatures for a briefing on parity NCSL sponsored in Wisconsin, and for which I was a co-presenter; the other definitional piece is from the ASAM Public Policy compendium.

- The next materials are on addiction treatment. Included in my letter today is a most recent revision to the ASAM Public Policy Statement on treatment, which you could substitute for the one in your packet I gave you today. The other is a joint statement on addiction treatment from ASAM and AMBHA – the American Managed Behavioral Healthcare Association, the trade association for behavioral healthcare "carve-out" firms. ASAM and AMBHA have been able to come to consensus on a number of position statements, including this one on treatment.

330 EAST LAKESIDE STREET · PO BOX 1109 · MADISON, WI 53701-1109 · 800.362.9080 · 608.257.6781 · FAX 608.283.5401 · www.wismed.org

- Next are the ASAM Core Benefit Statement describing what should be in any core health insurance benefit with respect to substance-related conditions; and a joint statement from ASAM and AMBHA on parity. This is followed by an ASAM statement on self-help groups and their relationship to professional treatment – specifically pointing out how they are not professional treatment in-and-of themselves, and should not substitute for medically necessary professional treatment in any treatment plan.

- Next is a copy of testimony by ASAM Board Member David C. Lewis, M.D., presented to Congress in 1998 regarding pending federal parity legislation at that time. Dr. Lewis is the founder of Physician Leadership on National Drug Policy. Following the 1998 testimony is the PLNDP Consensus Statement and a variety of printouts from the PLNDP website that I believe the Health Insurance Committee members will find enlightening.

- Next are two op-ed pieces regarding the essential role of addiction services within the formulation of parity legislation; leaving addiction out of parity bills makes bad economic sense as well as bad policy sense, and cannot be justified on economic grounds, only on grounds of stigma.

- The next piece is possibly the most important piece in the entire packet – a summary statement from Price Waterhouse-Coopers on the fiscal aspects of parity. As it states, no studies have shown that actual implementations of parity have raised costs significantly or have resulted in employers dropping coverage. The actuary who presented this material at the Wisconsin briefing by NCSL, was quite powerful – he stood up and said that he could speak for his allotted 90 minutes or he could speak for three minutes, and the facts would not change – there are simply no viable fiscal arguments against parity which are sound. He stated these professional opinions objectively based on his review of the data, affirming that it's his job to give factual information to all of his clients, and that if anyone had information contrary to his statements it would be most important for him to know that so that he could incorporate that into his presentations. No one has been able to present factual data on parity that refutes his statements or that validate fears of those heretofore unwilling to support parity. This material should be as important as any information to members of your Committee.

- Finally, there is an article from the Journal of Addictive Diseases which shows how addiction benefits – their structure and their application – have been affected during the 1990's.

Thank you again for conducting this hearing on this most important piece of legislation.

Sincerely yours,

Michael M. Miller, M.D.
Fellow, American Society of Addiction Medicine

cc: Representative Gregg Underheim
Senator Mary Panzer