

**Halbur, Jennifer**

**From:** Kurtz, Hunter  
**Sent:** Friday, March 05, 2004 2:12 PM  
**To:** Halbur, Jennifer  
**Subject:** FW: SB 207 and 72

-----Original Message-----

**From:** awkane@sbcglobal.net [mailto:awkane@sbcglobal.net]  
**Sent:** Friday, March 05, 2004 2:07 PM  
**To:** sen.roessler@legis.state.wi.us  
**Subject:** SB 207 and 72

Dear Senator Roessler,

Thank you very much for your efforts to pass the bill requiring clergy for report on colleagues who sexually abuse children. As the founder and past Chair of the Wisconsin Coalition on Sexual Misconduct by Psychotherapists and Counselors, I have spoken with many of those abused children after they became adults, and know very well the devastation that the abuse causes.

Because those victimized by clergy or other professionals desperately need years of psychotherapy to undo the severe harm done to them, another bill urgently needs to be passed: SB 72, which will adjust for inflation the dollar amounts set in 1985 for mental health care. While the "clergy sexual abuse reporting" bill will help safeguard children in the future, SB 72 will help provide treatment for those abused by clergy, physicians, teachers, mental health professionals, and too many others.

As many as a third of the soldiers returning from Iraq and Afghanistan also need substantial psychological help, according to news reports. Those who live near VA hospitals can readily obtain that help, but people outside of the Milwaukee and Tomah areas will have much more difficulty obtaining it. They, too, need SB 72 passed this year.

Some additional information re: the need for SB 72 is below.

Thank you.

Andy

Andrew W. Kane, Ph.D.  
Clinical, Consulting and Forensic Psychologist  
2815 North Summit Avenue  
Milwaukee, Wisconsin 53211-3439  
(414) 964-6449  
Fax: (414) 964-9814  
[awkane@sbcglobal.net](mailto:awkane@sbcglobal.net)

Some of the many reasons for passing SB 72 this year

SB 72 also provides a partial solution to the problem with the high cost of health insurance, a solution that is already accessible and has a proven track record: good mental health care, particularly psychotherapy.

While there is no magic formula that will decrease illness and stress, reduce the cost of medical care and health insurance, increase productivity at work, and generally improve the quality of people's lives,

there is something with a proven record of helping in all those areas: psychotherapy. Unfortunately, most people can't afford an adequate amount of psychotherapy, making major life changes difficult or impossible for them. As their stress levels increase, their productivity at work decreases, and their immune systems become less able to fight off disease, according to a large body of research.

According to "Mental Health: A Report of the Surgeon General" (1999), at any point in time 28% of the population has a diagnosable mental or substance abuse disorder, while only 8% receive mental health services. The other 20% continue to suffer and to be physically ill more often and to be less productive on the job. That untreated 20% bears some of the responsibility for the high, and rising, cost of medical care and medical insurance, as well as reduced productivity in their jobs.

Research indicates that psychotherapy, particularly cognitive therapy, is at least as effective for depression and anxiety disorders as is medication. In the short-term, there may be little or no cost savings because of the direct cost of treatment. In the long term, making psychotherapy readily accessible is very likely to significantly reduce overall health care costs. It also gives the individual skills that can be used to address future problems in the individual's life, decreasing the impact of future sources of stress and improving the quality of life for the individual and his or her family.

A 2002 report by the Robert Wood Johnson Foundation cited a study that found that medical expenditures by people who also had mental health problems were four and a half times higher than for people who had no identifiable mental health problems. The cost for treatment for the mental health problems was included in the total medical cost amount.

In another study, a meta-analysis of 91 published research studies found that 90% reported a decrease in medical care utilization following some type of psychological services. Of 28 studies that reported cost data, 26 indicated that cost savings from reduced medical care utilization exceeded the cost of the psychological services received.

Sending employees to their primary care physicians does not provide a viable alternative. According to the New York Times of July 8, 2003, most primary care physicians do not recognize or diagnose depression or other psychological disorders. Physicians also seldom recommend psychotherapy (the treatment of choice) in cases they do recognize. When they prescribe medication, it is often in doses that are too low, and for too short a time. Relapse after short-term antidepressant utilization is relatively likely.

When the costs associated with lost productivity, sick leave, work-related accidents, and other indirect expenditures are added to the direct cost of medical care, the total cost of mental health problems in the workplace at least doubles. A study reported in the June 18, 2003 issue of the Journal of the American Medical Association indicates that workers with depression indicated nearly four times as many hours of lost productivity as did co-workers without depression. Extrapolating the results to all workers in the U.S.A. "suggests that U.S. workers with depression employed in the previous week cost employers an estimated \$44 billion per year in (lost productive time). [not including] labor costs associated with short- and long-term disability." The President's New Freedom Commission on Mental Health reported in 2002 that the economy's loss of productivity from mental illness amounts to \$63 billion annually." A study by MetLife indicated that psychiatric claims were 7% of their short-term disability claims, but nearly double that percentage for white-collar employees. A survey by Employee Benefits Journal [2002] indicated that mental health problems were the second-ranked reason for loss of productivity, accounting for 29% of all

loss of productivity. Dow Chemical Company is currently targeting "presenteeism," the situation in which the individual comes to work but is so distracted or dysfunctional that it impacts not only his or her work but the work of other employees as well.

Consumers Union (Consumer Reports) conducted the largest study ever done of mental health care, in 1995. They found that family physicians helped, but that people who saw a mental health professional for at least six months did far better; that psychotherapy alone worked as well as psychotherapy combined with medication; and that the longer people stayed in psychotherapy, on average, the more they improved. A similar "dose-response" result has been reported by more recent research as well [e.g., *Clinical Psychology: Science and Practice*, 2002; *Journal of Consulting and Clinical Psychology*, 1999]. Each of these conclusions calls into serious question the common practice of health maintenance organizations and other managed care entities of limiting initial access to mental health care and limiting the number of sessions of psychotherapy permitted. While these practices may have reduced the expenditure of health care dollars in a given year, the long-term impact is very likely to have been an increase in medical care expenditures (and in the cost of health insurance) because mental health problems were approached with a "Band-Aid" mentality rather than with an attempt to control the significant impact of mental health problems on medical care expenditures and health insurance costs.

The Consumers Union study also "found that people got better in three distinct ways, and that all three kinds of improvement increased with additional treatment. First, therapy eased the problems that brought people to treatment. Second, it helped them to function better, improving their ability to relate well to others, to be productive at work, and to cope with everyday stress. And it enhanced what can be called 'personal growth.' People in therapy had more confidence and self-esteem, understood themselves better, and enjoyed life more."

Dozens of research reports annually indicate the impact of psychological problems on people's medical condition. In just the past two years, research reports have indicated that:

- people who indicate high levels of stress are more likely to experience a fatal stroke than are people who report little or no stress [*Stroke*, April 2003]
- stress is a significant risk factor for most kinds of cardiovascular disease [*Behavioral Medicine*, 2002; *Harvard Mental Health Letter*, April 2003]
- patients with a Posttraumatic Stress Disorder (PTSD) made 30% more visits for general medical care than did patients without this diagnosis [*Psychosomatic Medicine*, 2001]
- people who show evidence of significant anxiety, depression or hostility have a strong tendency to have compromised immune systems that make them more susceptible to medical problems associated with aging, cardiovascular disease, arthritis, and other medical disorders [*Annual Review of Psychology*, 2002]
- psychological factors play a significant role in delaying the healing of chronic wounds [*Psychosomatic Medicine*, 2001]
- psychotherapy markedly decreased the cost of treating irritable bowel syndrome (cost: \$976) compared with Paxil (cost: \$1,252) and treatment with neither psychotherapy nor an antidepressant (cost: \$1,663)

# Coalition for Fairness

SB 71 & SB 72

*To achieve  
mental health and substance abuse parity  
in health insurance  
in the state of Wisconsin.*

## in Mental Health and Substance Abuse Insurance

121 South Hancock Street, Madison WI 53703 • Phone 608-251-1450 • Fax 608-251-5480 • Email wispsych@execpc.com

### **THE \$7,000 CAP ON MENTAL HEALTH & SUBSTANCE ABUSE BENEFITS HAS NOT BEEN INCREASED SINCE THE LAW WAS ENACTED IN 1985.**

The Coalition for Fairness in Mental Health and Substance Abuse Insurance includes more than 2 million Wisconsin citizens who belong to faith communities, AARP, labor unions, consumer groups, families, civic and professional organizations. The Coalition urges you to pass the compromise bills, SB 71 and SB 72. It's time to be fair!

#### **Senate Bill 71**

- SB 71 does not change current practice. The bill merely codifies into law practices that are already standard in the insurance industry.

#### **Senate Bill 72**

- SB 72 IS NOT A PARITY BILL. It is a major compromise. The bill merely calculates a long-overdue cost-of-living increase based on the federal consumer price index for health services.
- The Legislative Council Study Committee on Parity crafted SB 71 and SB 72. The Joint Legislative Council Committee endorsed the proposals as a bi-partisan compromise.
- Based on data from states with parity laws, the financial statement from the Office of the Commissioner of Insurance estimates that SB 72 would increase premiums only .15-.50 %. Since SB 72 is NOT parity, any actual increases would be considerably **BELOW** the OCI estimates!
- PricewaterhouseCoopers, LLP, has analyzed data from states that have mental health and substance abuse parity laws. Despite the dire predictions of opponents, to date the actuarial firm has found **NO** examples where parity has resulted in dramatic increases in cost. In addition, they have found **NO** examples where parity has resulted in any measurable increase in the number of uninsured.
- Most children and adolescents who need mental health/substance abuse services do not receive them. (National Advisory Mental Health Council Report, June 2000)
- An alarming number of children and adults with mental illness are in the criminal justice system inappropriately. (Mental Health: A Report of the Surgeon General)
- Families often must turn to counties and court ordered services so that their children will receive the services they need but cannot afford.
- When privately-insured individuals exhaust their benefits, they turn to the public sector for treatment, which increases costs to federal, state and local governments. Washington County analyzed its data and extrapolated the results statewide, resulting in an estimate of \$40 million of cost to the state due to persons who had private insurance.
- SB 72 would not become law until 2005. With our economy already on the upswing, there is no excuse for delaying implementation of this significant compromise proposal. It's time for workers in Wisconsin to receive at least a cost-of-living increase in their coverage.

**We urge you to vote "YES" on SB 71 and SB 72.**

#### Co-Chairs

Catherine Beilman  
NAMI-WI

Sarah Bowen  
WI Psychological Assn.

Bill Stone  
WI Assn for Alcohol & Other Drug Abuse

Dear Representative:

I am writing to you on an **urgent** matter. I ask for your support of SB 71 and SB 72.

**SB 71:** This is a non-controversial proposal specifying that current practice regarding medications and certain diagnostic tests should continue. This proposal will put into law current practice, which excludes pharmaceuticals and certain diagnostic procedures that are used to rule out the existence of conditions other than mental disorders (such as MRI's and EEG's) from being counted towards the mandated minimum benefit amount. This proposal also clarifies that insurers must use their paid amount rather than the billed amount when calculating dollars accruing toward the mandated benefit amount.

**SB 72:** This bill proposes to increase the mandated minimums based on increases in the consumer price index for medical care since the time when the original minimums were enacted.

The mandated minimum would increase from \$ 7,000 to \$16,800 for inpatient treatment (and for all services combined).

The minimum would increase from \$2,000 to \$3,100 for outpatient treatment.

The minimum would increase from \$3,000 to \$4,600 for transitional treatment services.

These proposals represent a significant level of compromise by proponents of parity. **Essentially, all that these proposals do is insure that individuals have the same level of coverage for mental illness and substance abuse disorders that they had when these mandates were first instituted.**

By supporting these bills you will enable your constituents to access mental health services. You will make it possible for the small businesses in your district that provide mental health services to remain financially viable.

Can I count on your support?

## EDITORIALS

SB-72

# An overdue health reform

Mental health parity has been relegated repeatedly to Wisconsin's legislative back shelf. It's a shame: More than 30 other states already have parity laws requiring that insurers treat mental health and substance abuse problems the same way they treat physical ailments.

But state senators can do the next best thing and pass two important bills this week that would help to close the gap on such benefits. The bills were the result of a study by a special bipartisan Legislative Council committee that looked into the parity issue last year. Both bills also were endorsed by the Senate Health Committee.

One bill, SB-71, would codify current practices already standard in Wisconsin's insurance industry, including requiring that drug costs wouldn't count against financial limits for mental health and substance abuse treatments. It may sound like a small detail, but it's an important one.

The other bill, SB-72, is far more critical because it would increase the required minimum amount of coverage for mental health and substance abuse that insurers must provide from \$7,000 annually to \$16,800. This bill does not add new benefits, but it provides a long-overdue cost of living increase based on the federal Consumer Price Index for health services. That minimum has not been changed since 1985.

Critics may worry that the bill will significantly increase health care costs. But after studying national reports and data from other states, the Wisconsin insurance

commissioner's office estimated that the anticipated impact on yearly premiums for expanding the minimum required coverage will be between 0.15% and 0.5%. The Mental Health Association in Milwaukee County estimates that this would amount to an additional 36 cents to \$1.24 per health-plan enrollee each month — surely not an exorbitant amount for the additional coverage.

What's more, the Wisconsin Association of Life & Health Insurers, while concerned about the cost small businesses would have to pay for the additional coverage, concluded last July that SB-72 represents "a reasonable attempt at compromise on this long-standing issue." The bill "does not create a new mandate for coverage of nervous and mental disorders and alcoholism and drug abuse," but rather "expands the minimum coverage amounts that are required under current law."

Compromise is the operative word. SB-72 is not mental parity; it's simply an overdue expansion of coverage under current law. Studies consistently have shown that providing adequate benefits to cover mental health and substance problems increases worker productivity by getting people back into the mainstream and avoiding costly hospitalization later.

The full Senate is scheduled to take up SB-71 on Tuesday, but not SB-72. That would be a missed opportunity: The Legislature can't afford many more of them on this critical issue.

# Wisconsin Community Mental Health Counseling Centers, Inc.

## Hartford Office

Millstream Professional Building  
120 N. Main Street, Suite 2  
Hartford, WI 53027  
(262) 673-7280

## Whitewater Office

143 W. Main Street  
Whitewater, WI 53190  
(262) 473-6119

## West Bend Office

Centrum Building  
120 N. Main, Suite 250  
West Bend, WI 53095  
(262) 335-3630

## Corporate Office

155 East Capitol Drive, Suite 1  
Hartland, WI 53029  
(262) 367-5501  
Fax: (262) 367-5629  
www.communitymhcenters.com

A Private State Certified Outpatient Mental Health &  
Addiction Treatment Group

## Mequon Office

10500 N. Port Washington Road, Suite 100  
Mequon, WI 53092  
(262) 241-7863

## Elkhorn Office

114 W. Court Street  
Elkhorn, WI 53121  
(262) 723-7056

## Hales Corners Office

10731 W. Forest Home Ave.  
Hales Corners, WI 53130  
(414) 529-8762

MAR 05 2004

## MEMORANDUM

Date: March 2, 2004

To: ALL

From: Lawrence A. Kane III  
President/CEO of: Wisconsin Community Mental Health Counseling Centers, Inc.  
And  
-Board of Directors for Wisconsin Association of Outpatient Behavioral Health Services

I have enclosed several pressing and urgent articles regarding two very important State Senate bills (SB 71 and SB72) which are coming up next Tuesday March 9, 2004 for debate in Madison. Presently for whatever reason they are tentatively debating SB 71 and not SB 72. They should be encouraged to ok SB 72 along with SB 71 and to pass this Compromise Bill. It appears that as of now they would table it again.

The Milwaukee Journal has strongly endorsed both SB 71 and SB 72 in an editorial written on March 1, 2004. I have included this editorial for your review. I also include a summary sheet outlining both bills provided by the Coalition For Fairness in Mental Health and Substance Abuse Insurance which, also strongly urge passage of both bills.

The legislative body will soon adjourn in the next several weeks and this would surely be another missed opportunity until January of 2005 when they reconvene.

I am therefore, asking that each of you write, fax and Email your respective (local) State Representative and State Senator and encourage them to pass two very timely and needy compromise bills. This will only take you an hour or so out of your busy day and I know that this effort will get the attention of your lawmakers.

I have enclosed the names and addresses of the Health Sub-Committee (attachments) and several State Senators. If you need additional names, addresses, fax-numbers or email addresses please feel free to call my secretary Luanne and she can give this information to you. You can also access the legislatures directly by calling 1-608-236-1212 or by going to the Website at [www.legis.state.wi.us](http://www.legis.state.wi.us).

I have included several other documents for your review in terms of other issues clinics have faced over the last years and have gotten the legislators to help us after 15 plus years of trying . So it does work.

This is a strongly needed reform and is long overdue. Most if not all private mental health and AODA clinics are in serious financial trouble and many fine private practice clinics have shut down over the last several years. More will surely follow if this bill fails. If people continue to not receive treatment and clinical services this can only put a further drain on the economy in the State of Wisconsin, which in the end costs us as taxpayers. There is a mental health crisis in this state and we need this parity bill. Several years ago we had a bill that gave Mental Health parity with regular health insurance.



# W.A.L.H.I.

Wisconsin Association of Life & Health Insurers

## MEMORANDUM

American Family  
Life Insurance  
Company

**DATE:** July 22, 2003  
**TO:** Senate Committee on Health  
**FROM:** WALHI  
**RE:** Public Hearing Comments:  
Mental Health and AODA Health Insurance Coverage (SB 72)

American  
Medical Security

Blue Cross &  
Blue Shield United  
Of Wisconsin

The Wisconsin Association of Life and Health Insurers (WALHI) appreciates the opportunity to comment on SB 72 and appears today for information only.

CUNA  
Mutual Group

### WALHI Position

Equitable Reserve  
Association

As a matter of policy, WALHI is opposed to mandating the types and amounts of coverage that must be provided under group health insurance plans. In general, state mandates increase the cost of group health plans and restrict our ability to offer our customers a broader range of plan options. In addition, the imposition of state mandates creates a competitive disadvantage in marketing insured plans against self-funded plans, which are exempt from state regulation under the Employee Retirement and Income Security Act of 1974 (ERISA).

Fortis Health

Humana/  
Employers Health  
Insurance Company

Midwest Security  
Life Insurance  
Company

With respect to SB 72, WALHI recognizes that the bill does not create a new mandate for coverage of nervous and mental disorders and alcoholism and other drug abuse conditions. Rather, it expands the minimum coverage amounts that are required under current law. We also recognize that the bill is not as expansive as proposals introduced the last two sessions of the Legislature, which would have mandated full coverage of mental health and AODA. (1999-2000 SB 308, and 2001-02 SB 157). In that regard, SB 72, as introduced, is less objectionable and represents a reasonable attempt at compromise on this long-standing issue.

Northwestern Mutual

The Old Line  
Life Insurance  
Company of  
America

Thrivent Financial  
For Lutherans

### Cost Considerations

WEA Trust

While SB 72 is not as expansive as proposals from prior sessions, there are still cost implications the Committee should consider, particularly as it relates to the affordability of small group health insurance. According to the social and financial impact report, prepared by the Office of the Commissioner of Insurance on Senate Bill 72, expanding coverage limits under the bill "*will add approximately \$9.2 to \$30.8 million per year to premium costs for group health insurance consumers, borne mostly by small businesses*". OCI reviewed national reports and data from other states in developing its estimate that premium costs would increase by a range of 0.15% to 0.5%.

Wisconsin Auto &  
Truck Dealers Insurance  
Corporation

WPS  
Health Insurance

This may be a reasoned estimate, but we believe it may be too conservative. Input from our member companies indicates that the impact on premium cost increases is likely to be in the range of 1% to 2%. It should also be noted that the ultimate cost of providing expanded mental health & AODA coverage will vary from health plan to health plan. In its latest study of mandated benefits, (*Study of Costs of Certain Mandated Benefits in Insurance Policies 2001*, published October 2002), OCI reported that among the 21 group health insurers who responded to the survey, MH/AODA benefit payments ranged from a low of 0.23% of benefits paid and 0.28% of premium collected to 24.25% of benefits paid and \$10.35% of premium collected. In other words, some group plans will experience higher cost increases and corresponding premium increases than suggested by an overall average estimate of premium cost increases used to describe the fiscal impact of SB 72.

### **Other Considerations**

1. Employers are already experiencing difficulty in affording group health insurance, particularly in the small group market. Anything that exacerbates the cost of group health insurance may have the unintended effect of increasing the number of employers who drop out of the group market. The Congressional Budget Office estimates that, nationwide, 200,000 people become uninsured for every 1% increase in premiums. The Lewin Group calculates the loss at 400,000 per 1% increase in premium. However calculated, increasing the number and extent of mandated coverage could have a negative effect on the number of people insured in Wisconsin.
2. As noted in the OCI social and financial impact report—increasing the disparity between insured and self-funded plan costs could increase the incidence of employers switching from insured group plans to self-funding. Such disparity affects our ability to compete against self-funded plans in the marketplace.
3. Again, in relation to previous proposals, SB 72 expands minimum coverage limits but does not propose full coverage of MH/AODA. Given the above cost concerns, we would be opposed to any amendments that attempted to further expand the proposal. For comparative purposes—OCI's March 23, 2000 estimate of increased premium costs for full MH/AODA coverage under SB 308, ranged from \$36 to \$90 million per year.
4. While SB 72 calls for the Department of Health and Family Services to report annually on revising the coverage limits based on the change in the consumer price index for medical costs, it does not statutorily index coverage limits to automatically increase over the dollar limits specified in the bill. We are opposed to indexing and request that the Committee reject any amendments to incorporate future, automatic increases in coverage limits.

Again, thank you for the opportunity to comment. Please contact Pat Osborne at (608) 258-9506 or email [osborne@hamilton-consulting.com](mailto:osborne@hamilton-consulting.com) in reference to this matter.



**Testimony on Mental Health Insurance Coverage Requirements  
Senate Bills 71 and 72**

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

**Hearing before Senate Committee on Health, Children, Families, Aging and Long  
Term Care**

**July 22, 2003**

The Wisconsin Council on Children and Families strongly supports passage of Senate Bills 71 and 72 which would modify the mental health insurance coverage requirements. The current mental health coverage requirements provide a limited guarantee that individuals will be able to use their health insurance to access mental health diagnostic and treatment services when they need them. However, the requirements which were intended to establish minimum amounts that health insurance must cover have, in fact, become the maximums. As maximums the amounts are too low given medical inflation since they were established. The exclusion of diagnostic services and prescription drugs from the \$7,000 amount as provided in SB 71 and the indexing of this amount to reflect medical inflation as provided in SB 72 would increase coverage to a level that would allow more persons access to the care they require.

Full coverage of mental illness, without dollar limits, continues to be a policy goal that the Council believes is important because children need increased access to mental health care. Some of the statistics on children and mental health demonstrate the critical nature of the need:

- ♦ 1 in 5 children have a diagnosable mental, emotional, or behavioral disorder, yet 70% of all children do not receive mental health services;
- ♦ mental illness affects 1 in every 5 families in America<sup>1</sup>;
- ♦ suicide is the leading cause of death of young people in Wisconsin ages 15-34 and 90-95% of those committing suicide have a diagnosable mental health or substance abuse disorder<sup>2</sup>; and
- ♦

<sup>1</sup> Mental Health: A Report of the Surgeon General, 1999.

<sup>2</sup> Ibid.

- ♦ only 42% of youth with a severe emotional disorder earn a high school diploma as compared to 76% of similarly aged youth in the general population<sup>3</sup>.

Children also need their parents to have adequate access to mental health services. The Surgeon General's Mental Health report documented that 28% of adults had a diagnosable mental or substance abuse disorder yet 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<sup>4</sup>.

When parents are depressed they become less effective parents. 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. Abused and neglected children are much more likely to have mothers who are depressed<sup>5</sup>. 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 late in life has something to do with genetics, it also has something to do with our adoption of healthy lifestyles that decrease our risk of developing cancer. Similarly, children of depressed mothers, if given a chance, can develop healthy habits that allow them to manage their illness.<sup>6</sup>

When parents lack adequate mental health and substance abuse treatment, they are less productive at work, miss work more often and are more likely to lose their jobs. If parents lose their jobs, their children are more likely to experience all the negative effects of poverty. Numerous studies demonstrate that treatment for mental illness that includes psychotherapy and medication is very effective in improving the measurable effects that depression has on the body.

Individuals with mental illness who cannot access mental health services are nearly twice as likely to visit a physician. People who do not receive treatment for alcohol or drug addiction experience health care costs that are 100% higher than the expenses for those who receive treatment.<sup>7</sup>

When people cannot access sufficient 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.

---

<sup>3</sup> Ibid.

<sup>4</sup> Mental Health: A Report of the Surgeon General, 1999.

<sup>5</sup> Parental alcohol and other drug abuse is also a problem for these children, DHFS statistics demonstrate that more than 50% of the children entering the foster care system have parents with substance abuse problems and that these children account for over 70% of total foster care costs. (Mental Health and Substance Abuse Parity Presentation by Keith Lang and Dan Zimmerman, Department of Health and Family Services, October 24, 2002.)

<sup>6</sup> Depression and Low-Income Women: Challenges for TANF and Welfare-to-Work Policies and Programs, National Center for Children and Poverty, March 2001.

<sup>7</sup> Mental Health and Substance Abuse Parity Presentation by Keith Lang and Dan Zimmerman, Department of Health and Family Services, October 24, 2002.

Another study estimated that 20% of public mental health expenditures are for individuals who have had private health insurance.<sup>8</sup> When private health insurance doesn't pay for care, government does. State and local governments pay through Medicaid, BadgerCare and Community Aids.

Another state-funded program that pays for mental health and substance abuse treatment for children and their families is the correctional system. Both the adult correctional and the juvenile justice systems include a majority of persons who have mental health and substance abuse issues. For many children in the juvenile justice system, their history includes a parental effort to find help for them through health insurance or through the county. The parents asked for help with their mental health issues, but were told by insurers and then the county that there was no help for their problems. Parents are sometimes told that the only way for their children to access services is if they turn over custody of the children to the state. Parents, understandably, resist that decision and struggle along as best they can. Unfortunately, many children in this predicament are already doing poorly in school, move on to get in trouble outside of school, and eventually commit crimes. They finally access mental health services when they enter the juvenile justice system. The costs associated with providing for these children in the system are much higher than the costs of treating their original illness.

The Council urges you to support SB 71 and SB 72 because these bills would improve children and families' ability to access mental health services as they are needed. Parents and children who access quality mental health and substance abuse treatment services are less likely to turn to government paid programs for these services or more costly deep end social and correctional services. These bills make economic sense for our state and the well-being of Wisconsin's children and families.

---

<sup>8</sup> Ibid.

**REMARKS OF SENATOR DAVE HANSEN SPECIAL COMMITTEE ON MENTAL HEALTH  
PARITY, TO THE SENATE COMMITTEE ON HEALTH**

*July 22, 2003*

Good morning. I am Senator Dave Hansen, former co-chair of the Special Committee on Mental Health Parity. Last summer, I was asked to co-chair the mental health parity study committee in an effort to find a compromise regarding mental health parity, an issue that has been debated in the Legislature for the past several legislative sessions. The committee held five meetings to discuss the current state mandated coverage for mental health disorders as well as alcohol and other drug abuse problems. We reviewed federal law and the experience in other states and heard testimony from the National Conference of State Legislatures, the Office of Commissioner of Insurance, the Department of Health and Family Services, representatives from actuarial and insurance industries, the national Federation of Independent Businesses, an addiction medicine specialist, as well as from persons suffering from alcoholism and mental illnesses. I am pleased to report that we were able to reach a compromise. This compromise was approved by the bipartisan Joint Legislative Council and introduced as Senate Bills 71 and 72.

SB 71 generally codifies the practices of the insurance industry regarding the treatment of prescription drugs, diagnostic testing, and reimbursements to insurers. Specifically, the

bill provides that costs for prescription drugs or diagnostic testing are not included in the financial limits on coverage for nervous or mental disorders and alcohol and other drug abuse problems. This will in effect bring "parity" to the treatment of drug and diagnostic testing. This proposal was adopted by a vote of Ayes, 14; Noes, 0 in the Special Committee and received the overwhelming support of the Joint Legislative Council.

SB 72 increases the minimum coverage amounts which have not been adjusted for more than a decade for nervous and mental disorders and alcoholism and other drug abuse problems. Specifically, the bill increases the coverage amounts for inpatient hospital treatment from \$7,000 to \$16,800, outpatient treatment from \$2,000 to \$3,100, and transitional treatment from \$3,000 to \$4,600. The amounts are increased to reflect the change in the cost of living for medical services since the enactment of the coverage amounts. This bill was adopted by the Special Committee on a vote of Ayes, 8; Noes, 6 and approved for introduction by the Joint Legislative Council on a vote of Ayes 13; Noes, 4.

Now, I would like to make a few specific remarks regarding the recommendations of the committee and my view of why this legislation deserves the support of this committee.

As I mentioned earlier, SB 71 received unanimous support from the committee. This legislation will not change current practice, in fact it merely codifies existing business practice in that it exempts prescription drugs and diagnostic testing from existing insurance coverage caps. This is a common sense proposal with wide-ranging support among mental health advocates and business people alike.

SB 72 is admittedly more ambitious, but it is just as grounded in common sense. Increasing mental health insurance coverage will, in the end, save the state millions of dollars by maximizing worker productivity and reducing worker sick leave, and at the same time, help to ease the financial as well as psychological and emotional burdens faced by those individuals who suffer from mental illness and substance abuse.

Mandated mental health insurance coverage amounts have not been raised since their inception in 1985. SB 72 merely adjusts the coverage caps to levels appropriate to cost of living increases for medical services.

I would like to close with the comments of our distinguished Senate Majority Leader, Sen. Panzer, who has consistently championed the cause of mental health parity. "These [current insurance] practices treat one type of medical condition differently than another and help perpetuate the stigma attached to mental illness," Panzer said. "This stigma



discourages people from seeking treatment for mental illnesses, and the current insurance provisions inhibit those who do seek treatment from getting access to medical care."

By supporting SB 72, members of the committee, you can do a tremendous service to friends, family members, and citizens across this state who suffer from a mental illness or substance abuse problem. By supporting this legislation you will not have completely removed the stigma of mental illness that Sen. Panzer so eloquently commented on, but you will have taken a very important incremental step toward the end goal of total equity in the treatment and coverage of mental and physical illnesses.

Department of Health and Family Services  
Secretary Helene Nelson  
**SB 71/72 Hearing Testimony: Draft**  
July 22, 2003

As Secretary of the Department of Health and Family Services, I want to express my support for Senate Bills 71 and 72 and to thank those individuals who participated in the Legislative Council Study of mental health and substance abuse treatment parity. I value their work in the development of this compromise legislation. These bills represent significant movement in the direction of recognizing that persons who have been diagnosed with mental illness and substance abuse disorders deserve appropriate treatment. Representatives of small business, insurance, health care providers and advocates are to be commended for their work in balancing concerns about costs and benefits of improving coverage for mental health and substance abuse treatment.

This legislation is an important step in public policy recognition that mental illness and substance abuse are medical conditions that have approved treatment interventions like other diseases. I believe that the benefit changes proposed in these bills will prove to be cost effective. The personal and societal cost of untreated mental illness and substance abuse disorders are extensive and well documented. For these reasons, I urge your support of these bills. The bills will help our State move forward in making sure all Wisconsinites have access to the health care they need.

As Secretary of Health & Family Services, I believe that better access to treatment is good for Wisconsin's future: for the children who represent our future, for our state's economy, and for the quality of life of everyone. I'll share some statistics that point out the cost of untreated mental illness and substance abuse later. But first, let me comment briefly on why I think the benefit increase provided in the bills is eminently fair and affordable.

**Benefit increases in the bill are eminently fair and affordable:**

Current insurance benefits addressing the treatment of mental illnesses and substance abuse are dated and artificially limited by state statute. In no other area of medicine is access to treatment specifically limited by law. Despite such limitations in treatment, research continues to validate the medical conclusion that mental illness and substance abuse disorders are treatable diseases with biochemical and neurological etiology. Treatment of mental illness and substance abuse is as effective as treatment for physical disorders including diabetes, hypertension or heart disease. Increasing the benefit and linking reimbursement levels to future increases in the cost index is the right thing to do.

Senate Bills 71 and 72 reflect an improvement in insurance coverage for mental illness and substance abuse treatment that has not been adjusted to compensate for the impact of 18 years of inflation. This is not a new mandate but rather provides for coverage that represents, in current dollars, the benefit as it existed in 1985. Health insurance premiums have increased substantially since 1985 to reflect increased cost of general medical treatment. Those increases have not been translated into increased reimbursement levels for mental illness and substance abuse treatment. In effect we have gone far backward from the policies established by the Governor and Legislature in 1985. As you consider these bills, please remember that while the new level may appear to be a significantly higher, when you factor in inflation, the basic benefit has simply kept pace with inflation driven cost.

**Treatment Expansion makes Sense for People and Our Economy:**

The public costs associated with mental illness and substance abuse are real and are reflected in many of the programs that my department funds.

Inappropriate use and abuse of alcohol and other drugs is a significant health, social, public safety and economic problem. It is associated with a host of societal problems including suicide, homicide, accidental injury and death, assault domestic violence, child abuse, delinquency, HIV, teen pregnancy, diabetes, hypertension and

stroke. Each year in Wisconsin there are 1,300 deaths, 6,800 traffic injuries, 8,500 traffic crashes, 2,400 substantiated cases of child abuse and economic costs totaling \$4.6 billion, all attributed to substance abuse. Alcohol and other drug abuse is the fourth leading cause of death in Wisconsin behind heart disease, cancer and stroke. It is the fourth leading cause for hospitalization behind mental illness, heart disease and cancer. (Source is "Healthiest Wisconsin 2010")

Mental health has been inextricably linked with physical health and is fundamental to good health and human functioning. Mental disorders are real and treatable health conditions. They exact a staggering toll however on millions of affected individuals, their families and communities. Suicide ranks as the eighth leading cause of death in the United States and Wisconsin. It was the cause of death listed for 593 Wisconsin residents in 1998. Suicide represents the second leading cause of death among young people in Wisconsin aged 15 to 24 years of age.

From a national perspective, the annual cost to this nation of untreated mental illness is \$105 billion in lost productivity, and \$8 billion in costs from crime and welfare. The National Institute on Drug Abuse estimates the cost of alcohol and other drug abuse at \$246 billion per year. These two conditions are reflected in this state in public sector expenditures for welfare, courts and criminal justice system, highway carnage, property damage and loss, unemployment, medical care, injury and early death.

National studies report that for every dollar (\$1.00) invested in addiction treatment, the return on that investment is seven dollars (\$7.00).

The indirect costs of all mental illness imposed a nearly \$79 billion loss on the U.S. economy in 1990. \$63 billion of that reflects morbidity costs—the loss of productivity in usual activities because of illness. Indirect costs of mental illness also include almost \$12 billion in mortality costs (lost productivity due to premature death). Almost \$4 billion in productivity losses were for incarcerated individuals. In Wisconsin, our prison and jail populations have increased steadily over the past 20 years driving up costs to the state and county government. A significant percentage of inmates have undiagnosed mental health and substance abuse problems. These indirect cost estimates are conservative because they do not capture some measure of the pain, suffering, disruption, and reduced productivity that are not reflected in earnings.

In the workplace, untreated mental illness and substance abuse result in:

- Lost productivity
- Family problems that impact attendance and quality of work
- Increased cost of primary care
- Increased cost of long term care – note the Department's extraordinary efforts in planning and implementing system changes to improve long term care for Wisconsin citizens as the baby boomer generation ages.
- Absenteeism
- Injury and workers compensation costs.

In summary, these bills represent an investment in our citizens. Historically, Wisconsin has been in the forefront of providing some of the most innovative mental health and substance abuse treatment in the nation. These bills help restore our State's commitment to invest in people in fair, effective and affordable ways.

Again, I commend the bipartisan and broad-based consensus that produced these bills. I appreciate this Committee's commitment to the health of Wisconsin and urge your support of Senate Bills 71 and 72.