WISCONSIN COALITION FOR ADVOCACY

THE PROTECTION AND ADVOCACY SYSTEM FOR PEOPLE WITH DISABILITIES

July 22, 2003

To: Senate Committee on Health, Children, Families, Aging and Long Term Care

From: Dianne Greenley
Wisconsin Coalition for Advocacy

Re: Senate Bill 71 and Senate Bill 72 - Health Insurance Benefits for the Treatment of Mental Illness and Substance Abuse Disorders

The Wisconsin Coalition for Advocacy urges your support for Senate Bill 71 and Senate Bill 72. These bills, which are the product of a Legislative Council study committee on health insurance parity, will expand the availability of insurance coverage for the treatment of mental illness and substance abuse disorders. While these bills are not true parity measures, they are a useful step in expanding the availability of treatment and thus should be passed.

Senate Bill 71 clarifies that the costs for prescription drugs for mental illness and diagnostic testing should not be included in the minimum benefits for coverage of treatment for mental illness and/or substance abuse. This is an important provision since prescription drug costs can easily exceed the mandated benefit amounts, leaving the individual with no coverage for therapy services.

Senate Bill 72 increases the mandated minimum benefits to amounts based on the increase in the federal cost-of-living for medical coverage indexed to the year the benefits were last revised. This is a very significant measure since the benefits have not been revised since 1992. The current very low benefit amounts have meant that individuals have gone without needed treatment, families have been forced into bankruptcy to pay for hospitalizations and other care for seriously mentally family members, and the stigma associated with mental illness and substance abuse has been reinforced.

These bills will significantly improved insurance coverage for the treatment of mental illness and substance abuse. However, they are not true parity measures. Thus, the Wisconsin Coalition for Advocacy urges the Legislature to pass these bills and to continue to work toward the passage of a parity bill in the near future.

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

WAFCA
Wisconsin Association of
Family & Children's Agencies

131 W. Wilson Street
Suite 901
Madison, WI 53703

(608) 257-5939
FAX (608) 257-6067

John R. Grace
Executive Director

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

by John R. Grace
Executive Director
Wisconsin Association of Family and Children's Agencies

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

July 22, 2003

The Wisconsin Association of Family and Children's Agencies (WAFCA) strongly supports passage of Senate Bills 71 and 72 which would modify the mental health insurance coverage requirements.

WAFCA is an organization of 50 agencies that provide mental health, substance abuse, home care and other services to low-income families and their children. The majority of their work with families is supported by public dollars primarily through Community Aids and local tax dollars.

The current mental health insurance coverage requirements offer some assurance that individuals will be able to use their health insurance to access mental health services when they need them. Unfortunately, the requirements which were intended to establish minimum coverage amounts have become viewed as maximums. The $7,000 statutory amount is not enough to cover outpatient therapy, medications and occasional hospitalizations. Although we believe that coverage of mental illnesses should be equal to coverage of other illnesses, SB 71 and SB 72 through exclusion of diagnostic testing and prescription drug costs and indexing of the $7,000 amount to reflect medical inflation would be helpful and would allow more persons access to the care they require.

Increasing the mental health maximums could also reduce reliance on public programs to fill the gaps left by private and employer-sponsored insurance. Using data collected by the Department of Health and Family Services, we have been able to estimate that the fiscal effect of individuals using public programs costs Community Aids approximately $40 million annually. According to HSRS 2001 data, mental health services to county clients were $319.8 million, of which, $200.7 million was paid for by Community Aids. The remaining amounts were paid by Medicare, clients themselves and other funds. Of the $200.7 million it can be

estimated that as much as 20% or $40.1 million was paid for individuals who have had private health insurance that did not meet their needs.[1] This $40.1 million figure represents approximately 10% of the total Community Aids appropriation for 2003. If this level of cost-shifting to public programs was reduced, counties would have money to provide services to clients on waiting lists or to increase services for those whose services have been reduced due to the lack of Community Aids increases over the last decade.

Full coverage of mental illness and substance abuse treatment, is not just about allowing a few people access to "extra" services that they can really get along without. It is about allowing people access to services that will improve their health status, reduce their use of physicians and hospitals for symptoms related to their mental illness, reducing government expenditures, and reducing the number of parents and children who end up in corrections or child welfare because their illnesses remain unaddressed.

While SB 71 and SB 72 will not allow full coverage of mental illness and substance abuse treatment, they will do a great deal to increase individuals' access to these services.

[1] Service and payment data from DHFS' Human Services Report System data, 2001. According to Lewin-VHI (1994), 20% of public reimbursements are for clients who have had private health insurance. Some factors in client and public expenditures may have changed since 1994, yet it is very likely that they have changed in ways that would increase, rather than decrease, this 20% figure.

July 22, 2003

Written Testimony before
The Senate Health, Children, Families, Aging and Long-Term Care Committee
On bills SB71 and SB72

I came here to give testimony on these bills that would increase the mandated minimum coverage currently in statute and more clearly define how costs are allocated to these mandated minimums regarding coverage for mental health and substance abuse disorders.

If it weren't for my mental health services being covered by health insurance, I would not have been able to return to the workforce full-time and attend school holding a 3.0 grade average since 2001. I am a voting citizen, a Taxpayer, and involved in my community on a volunteer basis.

During my last appointment with my psychiatrist I told him that my job was sending me to Washington, D.C. to talk with my legislators. Dr. Johnson told me that I should definitely inform my legislators how critical it is to not impose treatment limitations on consumers using mental health services. He further indicated that he believed that the benefits of out-patient treatment, psychotherapy, medications, etc. does work.

I am for SB71 and SB72 because I feel that 'treatment limitations'

means limitations on the frequency of treatment, number of visits or days of coverage, or other similar limits on the duration or scope of treatment which could impede my stability and progress. My family, friends and associates can attest to my struggle with mental illness because they were there every step of the way. I no longer am in a black hole of despair. I now have HOPE!

I thank you for your time and consideration.

Sincerely,

Antoinette Burton
829 East Knapp Street
Milwaukee, WI 53202
(414) 298-0066 (h)
(414) 226-8380 (w)

Wisconsin Medical Society

Your Doctor. Your Health.

July 22, 2003

To: Senate Health Committee for Children, Families, Aging and Long-Term Care
Senator Carol Roessler, Chair

Re: Testimony in Favor of SB 71, and SB 72, "Mental Health Parity"

From: Michael M. Miller, MD representing the Wisconsin Medical Society
Diplomat American Board of Psychiatry and Neurology
Fellow, American Society of Addiction Medicine
Associate Clinical Professor, UW Medical School
Alternate Delegate to the American Medical Association from the Wisconsin Medical Society

Sen. Roessler and members of the Committee, my name is Michael M. Miller, MD and I am submitting written testimony in support of SB71 and SB72 today because I am unable to attend in person. I practice Addiction Medicine and Psychiatry in Madison. I have served as President of the Dane County Medical Society, as Chair of the Commission on Addictive Diseases of the **State Medical Society**, as President of the **Wisconsin Society of Addiction Medicine**, as Secretary of the **American Society of Addiction Medicine**, and am currently Chair of the Public Policy Committee of the American Society of Addiction Medicine, a 3000-member national medical specialty society. I urge you all to vote for SB 71 on behalf of these physician organizations.

The position of the Wisconsin Medical Society is that emotional disorders, behavioral disorders, cognitive disorders, psychotic disorders, and addictive disorders—the psychiatric disorders and substance use disorders currently described in Wisconsin 'mental health mandate' legislation and administrative rules--are conditions that involve **disturbances of brain function**. As **health conditions**, they should be covered in health insurance policies—and in the statutes that regulate such policies—on a par with health conditions that affect other aspects of brain structure and brain function, and on a par with health conditions that affect other organ systems of the body. The Wisconsin Medical Society, on behalf of its almost 10,000 member physicians and the patients they treat every day, is a member of the Coalition for Fairness in Mental Health Insurance, and supports **full parity for mental health disorders** when it comes to **insurance benefit limits, deductibles, and co-pays.**

SB 71, while clearly not providing for the full mental health parity that the state Medical Society supports, should be adopted by this session of the legislature. While SB 71 does not include psychotherapy and addiction counseling—whether provided by a psychologist, chemical dependency counselor, or a physician—in its provisions, it does make clear that when a treatment involves a medical approach such as the prescribing of a medication, the **costs of the medication should be assigned to the general medical pharmaceutical benefit of the patient's insurance policy**, and not to the limited 'mental health benefit' mandated by existing law. This is consistent with current insurance practice and not an expansion of current coverages. Moreover, consistent with what we presume to be the intent of SB 71, we recommend that SB 71 make explicit that it is addressing so-called physical or somatic treatments for mental illnesses, including **medications and electroconvulsive therapy**—a specific medical procedure performed under surgical anesthesia, safe, highly effective, and necessary for select severe cases of depression and a few other psychiatric conditions when medications have not sufficiently resolved the patient's symptoms.

330 East Lakeside Street • PO Box 1109 • Madison, WI 53701-1109 • wisconsinmedicalsociety.org •
Phone 608.442.3800 • Toll Free 866.442.3800 • Fax 608.442.3802

Further, we recommend that **the professional services associated with somatic treatments for psychiatric and addictive disorders**—physician fees for outpatient 'medication checks', physician fees for administering ECT or administering the anesthesia for ECT—fall under the general medical insurance benefit and that the final form of SB 71 make clear that these not fall under the 'mental health benefit' limits of patients' insurance policies. Current practice is for almost all insurance policies to consider anesthesiologist services 'medical' and not 'mental health', and for many policies to consider medication checks by physicians 'medical' and not 'mental health' services even when the overall diagnosis is psychiatric or addictive disease. SB 71 would make this the standard insurance practice throughout the state.

SB 71 also states that, while non-somatic treatments for mental health conditions—including outpatient psychotherapy visits and inpatient days for psychiatric and addiction care—would still fall under the 'mental health benefit', **medical diagnostic procedures should explicitly fall under the general medical benefit and not the 'mental health benefit.'** Thus, lab tests, X-rays, electrocardiograms, EEG studies of brain waves, and other neuropsychiatric diagnostic tests, should not be debited against an insured individual's 'mental health' limits of coverage. This also would re-affirm current insurance practices. The Wisconsin Medical Society also believes that neuropsychological testing for Alzheimer's disease and other dementias, and other psychological testing, are diagnostic procedures that should be covered under the clarifying provisions of SB 71. **Consultations to other physicians**, such as cardiologists, endocrinologists, or neurologists, to diagnose or rule-out other explanations of a patient's problems with mood or thinking, are currently covered under the general medical insurance benefits, and do not debit the patient's mental health benefits. This **current practice would also be affirmed by SB 71**, and the WMS supports such codification of current practice.

I testified before the Legislative Council's special study committee on Mental Health Parity on behalf of the Wisconsin Medical Society, and specifically described how **addiction is a health problem** and how addiction treatment services should be included in provisions of mental health parity legislation drafted in Wisconsin. Accordingly, while so-called behavioral services, such as individual and family counseling, that treat alcoholism and other substance use disorders, would remain under the 'mental health mandates' according to SB 71, I would like to recommend that medical services for substance-related disorders should be identified in the provisions of SB 71. Specifically, most insured patients in Dane County have medical services for alcohol and other drug detoxification paid for out of their general medical benefits, not their limited 'mental health benefit.' Local HMO's recognize that withdrawal is an acute physiological disturbance treated by medications under the orders of a licensed physician, and is clearly 'medical care'. Just as the costs of **pharmaceuticals** to treat withdrawal should be covered by the general pharmaceutical benefit and not the 'mental health benefit', **professional services** to evaluate and manage **detoxification** should be defined as falling under the 'medical benefit' and not the 'mental health benefit.' This standard insurance practice in Dane County should be codified through the final version of SB 71 to apply to all citizens of Wisconsin who receive such services and have these services paid by their private health insurance policies.

Finally, Senators, you should consider me a 'public health system partner' in Wisconsin. I was privileged to serve as Co-Chair of the Subcommittee on Alcohol and other Substance Use and Addiction for the Wisconsin Turning Point Project, which developed the 'Healthiest Wisconsin 2010' State Health Plan in partnership with the Division of Public Health of Wisconsin's Department of Health and Family Services. I was also a member of the Executive Committee that developed the overall Implementation Plan for the State Health Plan. In this plan, mental health, addiction, and tobacco issues were identified as 3 of the 11 health priorities for Wisconsin for this decade. My subcommittee, as well as the subcommittee for Mental Health, specifically mentioned that adoption of 'mental health parity' legislation is a key objective in order to improve the health status of citizens of Wisconsin. Alcohol and other substance use disorders, as well as psychiatric conditions are inextricably linked to the **public health** of our state. Full mental health parity is good public policy, and, specifically, good public health policy.

Before you today is SB 71, which addresses concerns related to mental health parity. I encourage you to vote for SB 71 to clarify the application of health insurance benefits for medical tests, procedures, consultations and pharmaceuticals for persons with addictive and psychiatric disorders.

WISCONSIN COUNCIL ON DEVELOPMENTAL DISABILITIES

WCDD

Promoting Independence and Equality

Date: July 22, 2003

To: Senator Carol Roessler, Chair, and Members
Senate Committee on Health, Children, Families, Aging and Long-Term Care

From: Jennifer Ondrejka, Executive Director
for the Wisconsin Council on Developmental Disabilities

Re: Support for SB 71 and SB 72: Compromise Health Insurance Legislation

The Council on Developmental Disabilities strongly supports the compromise legislation crafted and passed by the Joint Legislative Council to improve private health insurance coverage of mental illness and substance abuse disorders. The Council has a long-standing position in support of full parity for insurance coverage of these illnesses. These two bills recognize that the current minimum levels of coverage are inadequate and inequitable and need to be increased.

Mental illnesses and substance abuse impact a sizable proportion of the population. Approximately 5.4 percent of American adults have a serious mental illness and approximately 9 to 13 percent of children ages nine to seventeen have a serious emotional disturbance. Six percent of adults have addictive disorders alone, and three percent have both mental and addictive disorders.

Mental illnesses are treatable. The treatment success rate for a first episode of schizophrenia is 60%. Major depression is successfully treated in 65 to 70 percent of cases. Bipolar disorder is successfully treated in 80% of cases. These treatment rates are higher than for many purely physical illnesses, such as heart disease.

The arbitrary amounts deny care to people with treatable illnesses, and have both financial and human costs:

- Employers pay higher costs from hospitalization and missed work when mental illnesses are untreated until a crisis occurs. Employers must miss out on the skills of experienced and trained employees when mental illnesses are untreated.
- Parents can have their savings erased and may be forced to place their child outside the home in order to secure treatment for the child's mental illness. A study conducted by the National Alliance of the Mentally Ill in 1999 found that 20% of parents had to relinquish custody of their children to obtain coverage for treatment for them.
- Children are denied love and care when a parent has an untreated mental illness or substance abuse disorder. It is in the best interests of society and families to treat parents and maintain children at home.
- The individual adult or child suffers the pain and anguish caused by the illness or disorder.

Contrary to fears from the business community, a Rand Corporation Study from 1997 reported that removing limits on inpatient days and outpatient visits increases costs by less than $7 per enrollee per year. The Rand study was validated further by reports from the Washington Business Group on Health and a 2000 report from Price Waterhouse, Coopers.

The arbitrary amounts in state law are relics of an out-of-date age. These two bills at least make the limits more realistic and feasible. Please take Wisconsin into the 21st century and support SB 71 and SB 72.

Thank you for your consideration of this testimony.

600 Williamson Street PO Box 7851 Madison, Wisconsin 53707-7851
Voice 608/266-7826 • FAX 608/267-3906 • TTY/TDD 608/266-6660
Email wiswcdd@dhfs.state.wi.us • Web //www.wcdd.org

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: namiwisc@terracom.net

Tuesday, July 22, 2003

Prepared for delivery to:

SENATOR ROESSLER, CHAIR, AND MEMBERS OF THE SENATE HEALTH, CHILDREN, FAMILIES, AGING AND LONG TERM CARE COMMITTEE

Testimony by Frank Ryan, President, NAMI Wisconsin, and Catherine Beilman, NAMI

The National Alliance for the Mentally Ill of Wisconsin (NAMI) supports SB 71 and SB 72 for the following reasons:

* After five months of intensive study, the Legislative Council Special Committee on Mental Health Parity endorsed two proposals, now SB 71 and SB 72. SB 71 passed unanimously; SB 72 passed by a vote of 8 to 6.

* The Joint Legislative Council endorsed these two proposals. SB 71 passed by a voice vote. SB 72 passed by a vote of 13-4 with 4 absent. Rep. Gard said he would have voted in favor if he had been present.

* At the outset, the two co-chairs of the Special Committee on Mental Health Parity, Senator Hansen and Rep. Vrakas, told members of the Committee that they must reach a compromise. Proponents of full comprehensive mental health parity voted to support SB 71 and SB 72. Opponents of parity did not compromise on SB 72.

* SB 71 reflects current practice in the insurance industry.

* The $7,000 cap on mental health disorders has remained the same since its inception in 1985. The cap is unrealistically low. SB 72 would increase the cap to equivalent 2002 dollars from1985 dollars. The current $7,000 cap would increase to $16,800 minus 10% co-pay.

* Passage of SB 72 would remove a major roadblock to recovery. Poor families, middle-class families and single mothers with mentally ill children would no longer be burdened with onerous bills.

* Untreated mental illness costs American businesses, government and families billions annually in lost productivity and unemployment, broken lives and broken families, emergency room visits, homelessness and unnecessary use of jails and prisons.

SB 71 and SB 72 would not become law until 2005

Thank you.

Contact Persons: Frank Ryan, Catherine Beilman, (608) 268-6000

From the desk of Russell Gardner, Jr., M.D.
212 E. Lincoln St., Suite E
Mt. Horeb, WI 53572
rgj999@yahoo.com

To: Members of The Senate Health, Children, Families, Aging and Long-Term Care Committee
From: Russell Gardner, Jr.
Date: 7/22/03

Re: Senate Bills 71 and 72

If enacted into law, these two bills would cover mental health and substance abuse disorder costs comparable to coverage in 1985, the date of the first mandated minimums.

SB71 would clarify that costs for medications do not count against the mandated minimums. This current practice in the insurance industry will not cost employers or employees more money.

Although SB72 increases the mandated minimums based on the medical cost inflation from the time these minimums were enacted, it does not create a new mandate. In 1985 the legislature intended mandated minimums would increase based on inflation. Although the Legislature subsequently removed that requirement from statutes, indexing for inflation is a common legislative practice and is needed for needy persons with these diagnoses.

Most individuals who need treatment will not use even the current mandated minimum amount of $7000 in a year. But family bankruptcy continues secondary to paying for mental health and substance abuse treatment. Families with children with serious emotional disturbances continue to face the choice of giving up custody of their child to ensure they have access to treatment. The proposed bills would help such families.

While these bills recognize that the Legislature has been reluctant to enact full parity for mental illness and substance abuse disorders, I would like to emphasize that they represent a significant helpful compromise.

Mental illness and addictive disorders are medical conditions that can be effectively treated at rates comparable to other illnesses covered by health insurance.

Survival Coalition of Wisconsin Disability Organizations

16 North Carroll Street, Suite 400, Madison, Wisconsin 53703
(608) 267-0214 voice/tty • (608) 267-0368 fax

Survival Coalition of Wisconsin Disability Organizations
Testimony on SB71 and SB72

Senate Health, Children, Families, Aging and Long-Term Care Committee
July 22, 2003

The Survival Coalition of Wisconsin Disability Organizations is comprised of 39 organizations representing individuals with disabilities, their family members, their service providers and advocates. We represent adults and children with developmental disabilities, physical disabilities, and mental illness. And more than anything else we promote the ability of individuals with disabilities to live and work in the community.

That is why the Survival Coalition strongly urges your support of SB71 and SB72. People with mental illnesses and addictive disorders can and do recover with the appropriate services and supports. But current Wisconsin law—which provides for a mandated minimum of $7000 for treatment of these disorders—has in fact created a ceiling of $7000 in most cases. And this is often not enough for people to function at their highest possible level. Not only is this a tremendous loss for these individuals, it is a tremendous loss for all of us. We are deprived of the energy, the creativity and the contributions of large numbers of individuals whose productivity is compromised by their mental illness or substance abuse disorder.

And this is not just about people who have a primary diagnosis of mental illness or substance abuse disorder. In reality anyone with a disability is at greater risk of these disorders because of the impact of their disability on their lives and the isolation that disability can cause from natural community supports. Indeed, the Family Care program has found that 20% of the individuals coming into their programs, who have primary functional impairments related to developmental disabilities, physical disabilities or frailties of aging also have a mental illness in need of treatment.

It is for this reason, and because of the growing literature supporting the effectiveness of such treatments, that Survival Coalition strongly supports full parity for coverage of mental illness and substance abuse disorders. We recognize, however, that the Legislature has been unwilling to take that big a step despite the efforts of many in the advocacy community. Therefore, we support the compromise that was developed through the Legislative Council Study Committee on Parity and which is codified in SB71 and SB72. While a long way from true parity, it is a real improvement in coverage that will make a difference in many people's lives. We think it is the least we can do at this time to support recovery for people with mental illness and substance abuse disorders.

The League of Women Voters of Wisconsin, Inc.

122 State Street, Madison, Wisconsin 53703-2500
608/256-0827 FX: 608/256-2853 EM: genfund@lwvwi.org URL: http://www.lwvwi.org

Statement to the Senate Committee on Health, Children, Families, Aging and Long Term Care in Support of SB 71 and SB 72 Relating to Mental Health Insurance Parity

July 22, 2003

For over fifteen years, the League of Women Voters of Wisconsin (LWVWI) has been advocating for mental health insurance parity. We believe that insurance companies should provide payments for participation in all phases of mental health treatment programs, equally, as they do for other types of in-patient and out-patient treatment.

Despite increased evidence that mental illness symptoms are a result of brain chemistry malfunctions, and that medications can alter symptoms, there remains opposition to including this category of illness in health insurance coverage.

Currently 34 states have some form of health insurance parity. In Minnesota, Blue Cross/Blue Shield reduced its insurance premiums by 5-6% after one year's experience under the state comprehensive parity law (National Mental Health Association www.nmha.org). The NIMH (National Institute of Mental Health) concludes that parity may increase insurance premiums by 1% but would result in decreases in total health care costs. In Texas after the implementation of a 1991 parity law, there was a 47.9% decrease in the cost of mental health and substance abuse care for Texas state employees covered under a Blue Cross/Blue Shield insurance plan. Recent studies in other states show that the cost increase of mental health insurance parity is under 1%. The United States Congress passed a parity law in 2002 that was signed by President Bush.

Both SB-71 and SB-72 address these issues thoroughly. They offer good progress toward the eventual goal of complete parity for mental health care. We urge this committee to recommend that parity be included in your recommendations for ways that Wisconsin can control health insurance costs.

LWVWI Legislative Committee contact for Mental Health Issues -- Clare McArdle

From: Art Kaeh - NAMI Waukesha

Individuals with major mental illnesses experience higher levels of physical and dental health problems than the general population.

My daughter Debra was the victim of four mental illnesses, bipolar disorder, panic disorder, anxiety disorder, and borderline personality disorder. Along with this, she had serious heart problems that required open-heart surgery and constant care. Because of insurance constraints she was at times unable to try new drugs that offered promise. We often had to help her when her insurance wouldn't cover her dental care which was extensive Our son Jeremy was beset with eye problems and dental problems that the insurance he had would not cover and these impacted his health making his life more difficult. We helped him with other health concerns also, but he didn't always let us know his problems.

W.A.L.H.I.

Wisconsin Association of Life & Health Insurers

MEMORANDUM

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

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

WALHI Position

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).

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.

Cost Considerations

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%.

22 North Carroll Street • Suite 380 • Madison, WI 53703 • (608) 258-1770 • FAX (608) 258-1753

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 Polices 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 in reference to this matter.

MERITER

1970's
1975

To: Carol Roessler, Chair
Health Committee
Wisconsin State Senate

RE: SB 72 on Mental Health Parity
Testimony for Hearing of July 22, 2003

- Good morning, Chairwoman Roessler and members of the Committee. I want to thank you very much for giving me the opportunity to speak this morning in support of Senate Bill 72.

- My name is Dr. Michael Miller. I have practiced medicine in Wisconsin for over 20 years, an Associate Clinical Professor in the UW Medical School, am Board Certified in General Psychiatry and Addiction Psychiatry, and I recently completed my second term as Secretary of the American Society of Addiction Medicine, a 3000-member national medical specialty society. Today, in support of SB 72, I am representing Meriter Health Services, a Madison-based, **non-profit** community health system that employs some 3,300 taxpayers and is a major provider of mental health services. I have served as Medical Director of Meriter's NewStart Alcohol/Drug Treatment Program since 1989.

- As Senator Roessler and members of this Committee are well aware, the debate surrounding mental health parity has been going on for several years, and for several legislative sessions.

- Meriter believes that the compromise included in SB 72 is reasonable and prudent at this time, and provides an important first step in bringing help to the many thousands of Wisconsin adults and children who suffer from chronic and acute mental illnesses.

- The debate over mental health parity has been far from easy, and in the past, Meriter Health Services has remained neutral on the various bills and proposals before the Legislature.

- On the one hand, mental illness is a pervasive issue in our state. It is the leading cause of inpatient hospitalization for children and adolescents. But effective treatments – while they can be expensive and lengthy – do exist to help prevent these illnesses from destroying individuals and their families. From a medical perspective, illnesses of the brain can and should be approached just like other illnesses: they should be diagnosed and treated properly.

- Meriter is a major provider of mental health services. In fact, we recently broke ground on a new freestanding child and adolescent psychiatry facility on Madison's southwest side, which is one of only three such programs in the entire state. We view it as a tragedy when people cannot or do not get the mental health services they need simply because of payment issues.

- On the other hand, Meriter understands that there have been economic and ideological reasons offered by those who oppose full mental health parity. Health care providers and insurers are very reluctant to endorse more coverage mandates. Small businesses are concerned that new mandates will drive up the cost of insurance, forcing them to increase co-pays for their employees or drop coverage entirely. While I testified before the Legislative Council committee on mental health and addiction parity that the data clearly show that there is no economic argument when can be made against parity—since the increase in premium would be roughly 0.9% for full parity and only 0.3% for addiction parity--the point that there

Fewer people shifted to public sector.

would be any measurable increase in health insurance premiums does resonate in the current environment of rapidly-rising health costs.

- Thus, we have the political football of mental health parity. A bill is introduced every session. Hearings bring heart-breaking stories of families in crisis due to a lack of treatment. Businesses sympathize but worry about cost pressures and new mandates. And in the end, parity stalls yet again.

- As I said, Meriter believes that SB 72 is an important step in bringing renewed hope to the lives of people whose families have been tragically affected by the realities of mental illness.

- Increasing the mental health coverage floor – which essentially serves as a ceiling – from the arcane level of $7,000 to $15,000 is a positive and prudent step in the right direction. It's a fair compromise. It will not materially affect health premiums or small employers. But it will bring access to more mental health services to people who are truly in need in our state.

- In assessing this compromise, I think it's fair to ask: Have you gone without a raise during the past 25 years? Has the price of health care – or for that matter, anything else – remained flat for the past 25 years? Whether we're talking about teachers or retirees or working class men and women, everyone needs adjustments to keep up with the cost of living. Recipients of mental health services are no different. The cost and scope of treatment for them has changed in the past quarter-century. Our state policies need to change with the time as well. A true 'indexing of inflation' of the caps in mental health/addiction insurance coverage since the passage of the original Wisconsin mandated benefits over 25 years ago would more than triple the current outdated $7000 cap; but if a raise of the cap to $15,000 is what is before you for action in this session, I strongly encourage your vote in favor of such a change.

- Unfortunately, mental illness is still very much shrouded in stigma. Many people are afraid of it. We don't like to talk about it. Some people even deny that mental illness is really an "illness," and still discuss the issue in the context of moral shortfalls or lack of self-control.

- But as a professional psychiatrist and addictionologist for over two decades, I can tell you that mental illness is a very real physical condition. It should be treated like any other physical ailment. And addiction, while a complex bio-psycho-social-spiritual illness, clearly has roots in brain function and genetics, and is a medical condition not vastly different from other brain diseases.

- People with mental illnesses are our friends, neighbors, family members and co-workers. They raise families, hold jobs, pay taxes, love the Packers and Badgers, and want the same chance at life as everyone else. They deserve that hope. They deserve passage of SB 72.

- Thank you very much. I would be happy to take any questions you might have.

Mental Health Association in Milwaukee County
Leading the way for Wisconsin's Mental Health™

July 22, 2003

The Honorable Carol Roessler
Wisconsin Senate
8 South, State Capitol
P.O. Box 7882
Madison, WI 53707-7882

Dear Senator Roessler:

Attached please find my testimony on Senate Bills 71 and 72. I was privileged to serve on the Legislative Council Study Committee that produced these two bills. As you know, the mental health community has fought for eight years to enact comprehensive parity legislation. However, we entered into the study committee process recognizing that we would need to compromise in order to make any progress. These two bills represent a significant compromise for advocates but one that has been accepted as a political necessity.

I greatly appreciate your holding a public hearing on these bills. Please let me know if you have any questions about my comments. I can be reached at the Office of Public Policy (contact information below).

Sincerely,

Shel Gross
Director of Public Policy

Copies: Senate Health, Children, Families, Aging and Long-Term Care Committee

Milwaukee Office
734 North 4th Street, Suite 200
Milwaukee, WI 53203-2102
Tel: (414) 276-3122 • Fax: (414) 276-3124
Email: mha@mhamilw.org

Office of Public Policy
133 South Butler Street, Lower Level
Madison, WI 53703
Tel: (608) 250-4368 • Fax: (608) 442-8036
Email: shelgross@tds.net

www.mhamilw.org
(877) 642-4630 (for information and resources only)
An affiliate of the National Mental Health Association

A United Way Agency.

Mental Health Association in Milwaukee County
Testimony on SB71 and SB72

Senate Health, Children, Families, Aging and Long-Term Care Committee
July 22, 2003

My name is Shel Gross. I am Director of Public Policy for the Mental Health Association in Milwaukee County. I was a member of the Legislative Council Study Committee on Parity. I am speaking in support of SB71 and SB72.

I would like to address the Office of the Commissioner of Insurance' (OCI) social and financial impact report for SB72.

The report notes that the anticipated impact on premiums will be between .15 and .5%. It is of interest to note that the upper limit of .5% is exactly half of OCI's estimate for SB157, the comprehensive parity bill that the Senate passed last session. This suggests that the Legislative Council Study Committee did a pretty good job of finding a fair compromise position.

However, I would argue that for a variety of reasons your expectation should be that increases would be at the lower end of the range if not below:

- The data that OCI presents from other states shows small increases or actual declines in premium costs following implementation of parity. Wisconsin's experience should be better than these other states because in some cases these states began with no mandated coverage and SB72 is not full parity. SB71 and SB72 are merely increasing an existing minimum amount of coverage to levels below true parity.

- This is significant in that we learned during the Legislative Council study committee meetings that the greatest risk for insurers is in the first $2000 of coverage. This amount is already covered under the current mandates.

- Additionally, the largest portion of the increase in SB72 represents the mandated minimums for inpatient care. We also heard during the study committee that plans could most easily manage these services because of the clearer guidelines for inpatient treatment.

- Further, as OCI points out, the impact of expanding mental health coverage is moderated by managed care. And Wisconsin has a very high managed care penetration rate of 70%.

- Finally, OCI notes that many insurers already pay in excess of the mandated minimums. If this is the case, then the financial impact of increasing the mandates may be significantly overstated.

The reality is that while opponents are concerned about increasing the cost of health insurance, OCI points out that a decline in the utilization and cost of outpatient services has resulted in a decrease in the portion of the health insurance premium that is attributable to mental health and substance abuse services.

Besides perhaps understating the potential costs, the OCI report does not address at all the potential public and private benefits that could accompany expanded coverage of mental health and substance abuse disorders:

- Dr. Andrew Kane has submitted testimony outlining the recent research attesting to the cost effectiveness of mental health treatments. His conclusion: of all the actions that could be taken by the Legislature to impact the high cost of health insurance, the single most significant one may be a substantial increase in the mandated benefit for psychotherapy.

- There are potential cost savings to the state. A recent GAO report found that many families utilize the child welfare and juvenile justice systems to access mental health services for their children in part due to limitations in health insurance coverage.

- Counties also end up picking up the costs of mental health treatment for individuals who have exhausted private insurance, having to utilize property tax revenue and scarce GPR to do this.

OCI correctly notes that self-funded plans do not have to offer state-mandated benefits. They conclude from this that increasing the mandates may increase the disparity between self-funded and other plans. This seems to presume that self-funded plans are not in fact offering greater mental health/substance abuse insurance coverage already. However, we know that some, if not many, self-funded firms in Wisconsin do in fact offer mental health and substance abuse benefits greater than the mandates, some at levels at or approaching true parity. So increasing the mandates may actual decrease the disparity between self-funded plans and those that are subject to the mandates.

Finally OCI repeats the oft-repeated Congressional Budget Office (CBO) estimate of the impact of premium increases on the number of uninsured. For some reason no one repeats the following sentence in the CBO report, so I will provide it for you: "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 number of covered workers is within the margin of error.)"

For all these reasons I would suggest that the fiscal impact of these two bills will not be great, and given that all we are doing is adjusting the current minimums for inflation, any impact is appropriate and long overdue. It is the least we can and should do for individuals with mental illness and substance abuse disorders.

Testimony in Favor of SB 71, "Mental Health Parity"
Senate Health Committee
July 22, 2003, 2003

Dane County Medical Society
Wisconsin Medical Society
Wisconsin Society of Addiction Medicine
American Society of Addiction Medicine

Sen. Roessler and members of the Committee, my name is Michael M. Miller, MD. I practice Addiction Medicine and Psychiatry in Madison. I have served as President of the Dane County Medical Society, as Chair of the Commission on Addictive Diseases of the **State Medical Society**, as President of the **Wisconsin Society of Addiction Medicine**, as Secretary of the **American Society of Addiction Medicine**, and am currently Chair of the Public Policy Committee of the American Society of Addiction Medicine, a 3000-member national medical specialty society. I urge you all to vote for SB 71 on behalf of these physician organizations.

The position of the Wisconsin Medical Society is that emotional disorders, behavioral disorders, cognitive disorders, psychotic disorders, and addictive disorders—the psychiatric disorders and substance use disorders currently described in Wisconsin 'mental health mandate' legislation and administrative rules--are conditions that involve **disturbances of brain function**. As **health conditions**, they should be covered in health insurance policies—and in the statutes that regulate such policies—on a par with health conditions that affect other aspects of brain structure and brain function, and on a par with health conditions that affect other organ systems of the body. The Wisconsin Medical Society, on behalf of its almost 10,000 member physicians and the patients they treat every day, is a member of the Coalition for Fairness in Mental Health Insurance, and supports **full parity for mental health disorders** when it comes to **insurance benefit limits, deductibles, and co-pays.**

SB 71, while clearly not providing for the full mental health parity that the state Medical Society supports, should be adopted by this session of the legislature. While SB 71 does not include psychotherapy and addiction counseling—whether provided by a psychologist, chemical dependency counselor, or a physician—in its provisions, it does make clear that when a treatment involves a medical approach such as the prescribing of a medication, the **costs of the medication should be assigned to the general medical pharmaceutical benefit of the patient's insurance policy**, and not to the limited 'mental health benefit' mandated by existing law. This is consistent with current insurance practice and not an expansion of current coverages. Moreover, consistent with what we presume to be the intent of SB 71, we recommend that SB 71 make explicit that it is addressing so-called physical or somatic treatments for mental illnesses, including **medications and electroconvulsive therapy**—a specific medical procedure performed under surgical anesthesia, safe, highly effective, and necessary for select severe cases of depression and a few other psychiatric conditions when medications have not sufficiently resolved the patient's symptoms. Further, we recommend that **the professional services associated with somatic treatments for psychiatric and addictive disorders**—physician fees for outpatient 'medication checks', physician fees for administering ECT or administering the anesthesia for ECT—fall under the general medical insurance benefit and that the final form of SB 71 make clear that these not fall under the 'mental health benefit' limits of patients' insurance policies. Current practice is for almost all insurance policies to consider anesthesiologist services 'medical' and not 'mental health', and for many policies to consider medication checks by physicians 'medical' and not 'mental health' services even when the overall diagnosis is psychiatric or addictive disease. SB 71 would make this the standard insurance practice throughout the state.

SB 71 also states that, while non-somatic treatments for mental health conditions—including outpatient psychotherapy visits and inpatient days for psychiatric and addiction care—would still fall under the 'mental health benefit', **medical diagnostic procedures should explicitly fall under the general medical benefit and not the 'mental health benefit.'** Thus, lab tests, X-rays, electrocardiograms, EEG studies of brain waves, and other neuropsychiatric diagnostic tests, should not be debited against an insured individual's 'mental health' limits of coverage. This also would re-affirm current insurance practices. The Wisconsin Medical Society also believes that neuropsychological testing for Alzheimer's disease and other dementias, and other psychological testing, are diagnostic procedures that should be covered under the clarifying provisions of SB 71. **Consultations to other physicians**, such as cardiologists, endocrinologists, or neurologists, to diagnose or rule-out other explanations of a patient's problems with mood or thinking, are currently covered under the general medical insurance benefits, and do not debit the patient's mental health benefits. This **current practice would also be affirmed by SB 71**, and the WMS supports such codification of current practice.

I testified before the Legislative Council's special study committee on Mental Health Parity on behalf of the Wisconsin Medical Society, and specifically described how **addiction is a health problem** and how addiction treatment services should be included in provisions of mental health parity legislation drafted in Wisconsin. Accordingly, while so-called behavioral services, such as individual and family counseling, that treat alcoholism and other substance use disorders, would remain under the 'mental health mandates' according to SB 71, I would like to recommend that medical services for substance-related disorders should be identified in the provisions of SB 71. Specifically, most insured patients in Dane County have medical services for alcohol and other drug detoxification paid for out of their general medical benefits, not their limited 'mental health benefit.' Local HMO's recognize that withdrawal is an acute physiological disturbance treated by medications under the orders of a licensed physician, and is clearly 'medical care'. Just as the costs of **pharmaceuticals** to treat withdrawal should be covered by the general pharmaceutical benefit and not the 'mental health benefit', **professional services** to evaluate and manage **detoxification** should be defined as falling under the 'medical benefit' and not the 'mental health benefit.' This standard insurance practice in Dane County should be codified through the final version of SB 71 to apply to all citizens of Wisconsin who receive such services and have these services paid by their private health insurance policies.

Finally, Senators, you should consider me a 'public health system partner' in Wisconsin. I was privileged to serve as Co-Chair of the Subcommittee on Alcohol and other Substance Use and Addiction for the Wisconsin Turning Point Project, which developed the 'Healthiest Wisconsin 2010' State Health Plan in partnership with the Division of Public Health of Wisconsin's Department of Health and Family Services. I was also a member of the Executive Committee that developed the overall Implementation Plan for the State Health Plan. In this plan, mental health, addiction, and tobacco issues were identified as 3 of the 11 health priorities for Wisconsin for this decade. My subcommittee, as well as the subcommittee for Mental Health, specifically mentioned that adoption of 'mental health parity' legislation is a key objective in order to improve the health status of citizens of Wisconsin. Alcohol and other substance use disorders, as well as psychiatric conditions are inextricably linked to the **public health** of our state. Full mental health parity is good public policy, and, specifically, good public health policy.

Before you today is SB 71, which addresses concerns related to mental health parity. I encourage you to vote for SB 71 to clarify the application of health insurance benefits for medical tests, procedures, consultations and pharmaceuticals for persons with addictive and psychiatric disorders.

Prepared by Michael M. Miller, MD
Diplomate, American Board of Psychiatry and Neurology
Fellow, American Society of Addiction Medicine
Associate Clinical Professor, UW Medical School
Alternate Delegate to the American Medical Association from the Wisconsin Medical Society