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OCT 30 2003

Dear Senator Roessler,

10.28.2003

Hello Carol, we have not spoken for sometime. I hope everything is going fine.

Enclosed is a brief concerning Senate Bill 72, I would like to inform you that I oppose this Bill.

Thank you for your effort as my Wisconsin State Senator.

Sincerely,


Dave Willeford

→
Sara said
nothing
was sent
w/ this
letter.

10/30/03



OCT 07 2003

2601 CROSSROADS DRIVE • SUITE 185 • MADISON, WI 53718-7923 • 608/244-7150 • FAX 608/244-9030

SB72

October 6, 2003

To Members of the Wisconsin State Senate:

We are writing on behalf of the Wisconsin Grocers Association to express our concerns over Senate Bill 72 that will increase the limits for insurance coverage of nervous or mental health disorders or alcoholism or other drug abuse problems. By opposing this legislation, you are aiming to lower health care costs and make health insurance more accessible.

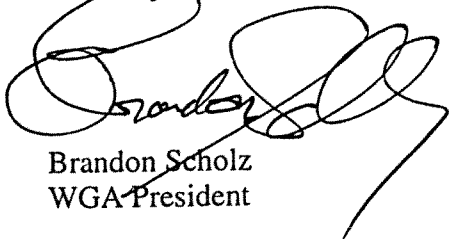
Affordable health insurance is an issue that members of the Wisconsin Grocers Association are concerned with and follow closely. Increasing health insurance premiums have forced employers to increase rates to employers or drop coverage all together. Government insurance mandates inescapably lead to higher health care costs and endanger access to affordable health care.

Employers ought to be allotted more freedom to purchase and design health care packages that best meet the needs of their employees. Mandates drive up costs and reduce flexibility. Benefit mandates have a direct negative impact on consumer access to health care coverage. Particularly affected will be small businesses, as they may not be able to keep up with the rising premium cost.

Thank you for taking the time to review our concerns. Please consider the impacts of such a bill on the availability of health care to the people of Wisconsin.

If you have any questions, please let us know. Thank you.

Sincerely,



Brandon Scholz
WGA President



Michelle Kussow
VP-Government Affairs & Communications

SB72



THE PRESIDENT'S NEW FREEDOM
COMMISSION ON MENTAL HEALTH

Achieving the Promise:

TRANSFORMING
MENTAL HEALTH CARE
IN AMERICA

FINAL REPORT

JULY 2003

Mental Illnesses Presents Serious Health Challenges

Mental illnesses rank first among illnesses that cause disability in the United States, Canada, and Western Europe.¹² This serious public health challenge is under-recognized as a public health burden. In addition, one of the most distressing and preventable consequences of undiagnosed, untreated, or under-treated mental illnesses is suicide. The World Health Organization (WHO) recently reported that suicide worldwide causes more deaths every year than homicide or war.¹³

In addition to the tragedy of lost lives, mental illnesses come with a devastatingly high financial cost. In the U.S., the annual economic, indirect cost of mental illnesses is estimated to be \$79 billion. Most of that amount — approximately \$63 billion — reflects the loss of productivity as a result of illnesses. But indirect costs also include almost \$12 billion in mortality costs (lost productivity resulting from premature death) and almost \$4 billion in productivity losses for incarcerated individuals and for the time of those who provide family care.¹⁴

In 1997, the latest year comparable data are available, the United States spent more than \$1 trillion on health care, including almost \$71 billion on treating mental illnesses. Mental health expenditures are predominantly publicly funded at 57%, compared to 46% of overall health care expenditures. Between 1987 and 1997, mental health spending did not keep pace with general health care because of declines in private health spending under managed care and cutbacks in hospital expenditures.¹⁵

In 1997, the United States spent more than \$1 trillion on health care, including almost \$71 billion on treating mental illnesses.

The Current Mental Health System Is Complex

In its *Interim Report to the President*, the Commission declared, "... the mental health delivery system is fragmented and in disarray ... lead[ing] to unnecessary and costly disability, homelessness, school failure and incarceration." The report described the extent of unmet needs and barriers to care, including:

- Fragmentation and gaps in care for children,
- Fragmentation and gaps in care for adults with serious mental illnesses,
- High unemployment and disability for people with serious mental illnesses,
- Lack of care for older adults with mental illnesses, and
- Lack of national priority for mental health and suicide prevention.

The *Interim Report* concluded that the system is not oriented to the single most important goal of the people it serves — the hope of recovery. State-of-the-art treatments, based on decades of research, are not being transferred from research to community settings. In many communities, access to quality care is poor, resulting in wasted resources and lost opportunities for recovery. More individuals could recover from even the most serious mental illnesses if they had access in their communities to treatment and supports that are tailored to their needs.

The Commission recognizes that thousands of dedicated, caring, skilled providers staff and manage the service delivery system. The Commission does not attribute the shortcomings and failings of the contemporary system to a lack of professionalism or compassion of mental health care workers. Rather, problems derive principally from the manner in which the Nation's community-based mental health system has evolved over the past four to five decades. In short, the Nation must replace unnecessary institutional care with efficient, effective

SB 72

Jermstad, Sara

From: Asbjornson, Karen
Sent: Wednesday, May 21, 2003 8:36 AM
To: Jermstad, Sara
Subject: FW: States Failing to Invest in Mental Health



cantmakethegrade- ATT103276.txt
release2.doc

CR email

Karen Asbjornson
Office of Senator Carol Roessler
(608) 266-5300/1-888-736-8720
Karen.Asbjornson@legis.state.wi.us

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

From: Shel Gross [mailto:shelgross@tds.net]
Sent: Tuesday, May 20, 2003 10:48 AM
To: rep.williamsa@legis.state.wi.us; sen.harsdorf@legis.state.wi.us;
johnnie.morris-tatum@legis.state.wi.us; sen.kedzie@legis.state.wi.us;
Rep.Krug@legis.state.wi.us; sen.breske@legis.state.wi.us;
rep.cullen@legis.state.wi.us; sen.Fitzgerald@legis.state.wi.us;
rep.vukmir@legis.state.wi.us; sen.welch@legis.state.wi.us;
rep.staskunas@legis.state.wi.us; sen.robson@legis.state.wi.us;
Rep.Young@legis.state.wi.us; sen.chvala@legis.state.wi.us;
sen.schultz@legis.state.wi.us; sen.roessler@legis.state.wi.us;
Rep.Richards@legis.state.wi.us; sen.ellis@legis.state.wi.us;
Rep.Bies@legis.state.wi.us; sen.lasee@legis.state.wi.us;
Rep.Sinicki@legis.state.wi.us; sen.panzer@legis.state.wi.us;
Rep.Plale@legis.state.wi.us; sen.stepp@legis.state.wi.us;
rep.Wasserman@legis.state.wi.us; sen.wirch@legis.state.wi.us;
rep.gielow@legis.state.wi.us; sen.zien@legis.state.wi.us;
rep.Jeskewitz@legis.state.wi.us; sen.jauch@legis.state.wi.us;
sen.ripenbach@legis.state.wi.us; rep.kestell@legis.state.wi.us;
sen.lazich@legis.state.wi.us; rep.Plouff@legis.state.wi.us;
sen.decker@legis.state.wi.us; rep.lasee@legis.state.wi.us;
sen.cowles@legis.state.wi.us; rep.rhoades@legis.state.wi.us;
sen.hansen@legis.state.wi.us; Rep.Nass@legis.state.wi.us;
sen.brown@legis.state.wi.us; Rep.Loethian@legis.state.wi.us;
sen.meyer@legis.state.wi.us; Rep.Vrakas@legis.state.wi.us;
rep.Meyer@legis.state.wi.us; rep.Friske@legis.state.wi.us;
rep.seratti@legis.state.wi.us; rep.Ward@legis.state.wi.us;
rep.Foti@legis.state.wi.us; rep.fitzgerald@legis.state.wi.us;
rep.ott@legis.state.wi.us; Sen.Carpenter@legis.state.wi.us;
rep.Hundertmark@legis.state.wi.us; rep.Olsen@legis.state.wi.us;
Rep.hines@legis.state.wi.us; rep.towns@legis.state.wi.us;
rep.WoodW@legis.state.wi.us; rep.Schooff@legis.state.wi.us;
rep.Hebl@legis.state.wi.us; rep.Hahn@legis.state.wi.us;
rep.Miller@legis.state.wi.us; rep.loeffelholz@legis.state.wi.us;
rep.montgomery@legis.state.wi.us; sen.moore@legis.state.wi.us;
rep.albers@legis.state.wi.us; rep.freese@legis.state.wi.us;
rep.townsend@legis.state.wi.us; rep.owens@legis.state.wi.us;
rep.underheim@legis.state.wi.us; rep.kaufert@legis.state.wi.us;
rep.mccormick@legis.state.wi.us; rep.wieckert@legis.state.wi.us;
rep.grothman@legis.state.wi.us; rep.lemahieu@legis.state.wi.us;
rep.weber@legis.state.wi.us; Sen.reynolds@legis.state.wi.us;
rep.gottlieb@legis.state.wi.us; rep.turner@legis.state.wi.us;

rep.lehmanj@legis.state.wi.us; rep.ladwig@legis.state.wi.us;
rep.kreuser@legis.state.wi.us; rep.steinbrink@legis.state.wi.us;
rep.kerkman@legis.state.wi.us; Rep.WoodJ@legis.state.wi.us;
rep.balow@legis.state.wi.us; rep.suder@legis.state.wi.us;
rep.ainsworth@legis.state.wi.us; Sen.George@legis.state.wi.us;
rep.vruwink@legis.state.wi.us; rep.lassa@legis.state.wi.us;
rep.schneider@legis.state.wi.us; Rep.boyle@legis.state.wi.us;
rep.sherman@legis.state.wi.us; rep.hubler@legis.state.wi.us;
rep.berceau@legis.state.wi.us; rep.black@legis.state.wi.us;
Rep.Pocan@legis.state.wi.us; rep.pope-roberts@legis.state.wi.us;
rep.krusick@legis.state.wi.us; rep.powers@legis.state.wi.us;
rep.travis@legis.state.wi.us; rep.stone@legis.state.wi.us;
rep.gunderson@legis.state.wi.us; rep.gundrum@legis.state.wi.us;
rep.huber@legis.state.wi.us; rep.petrowski@legis.state.wi.us;
rep.williamsm@legis.state.wi.us; rep.krawczyk@legis.state.wi.us;
rep.gard@legis.state.wi.us; Rep.Colon@legis.state.wi.us;
sen.darling@legis.state.wi.us; rep.vanroy@legis.state.wi.us;
rep.gronemus@legis.state.wi.us; rep.musser@legis.state.wi.us;
rep.kreibich@legis.state.wi.us; rep.huebsch@legis.state.wi.us;
rep.shilling@legis.state.wi.us; rep.johnsrud@legis.state.wi.us;
rep.nischke@legis.state.wi.us; rep.jensen@legis.state.wi.us;
Rep.lehman@legis.state.wi.us; sen.leibham@legis.state.wi.us;
rep.zepnick@legis.state.wi.us; rep.coggs@legis.state.wi.us;
bob.ziegelbauer@legis.state.wi.us

Subject: States Failing to Invest in Mental Health

A new report from the National Mental Health Association finds that all states underfund mental health services and most fail to prioritize these services in many ways. While Wisconsin ranks well on some measures it is critical that as the Legislature moves towards completing its work on the budget that it protect Medicaid, which funds half of all publicly funded mental health services in Wisconsin.

Please find a press release attached with a link to the report.



Mental Health Association in Milwaukee County

**News Release
May 20, 2003**

**For More Information
Shel Gross—608-250-4368**

New Report Finds That States Underfund Mental Health Services

Wisconsin Gets Mixed Grades, But Flunks With a “D” on Parity

Wisconsin Needs to Protect Medicaid Funding, Improve Insurance Coverage

MADISON -- A new report by the National Mental Health Association finds that “when it comes to investing in mental health, states just *can't make the grade.*” The Mental Health State Assessment Project concluded that all states underfund mental health services and, based on a variety of other indicators, fail to prioritize mental health in their policies and practices.

The consequences of underfunding mental health services are serious. In Wisconsin:

- ✓ There were over 600 completed suicides in 2001. Persons with mental illness commit 90% of suicides.
- ✓ Almost 20% of the prison population is persons with a mental illness. Limited mental health resources in prisons means that their conditions are often made worse by incarceration.
- ✓ Children with mental disorders have the lowest high school completion rate among all children with disabilities.

“When adequate treatment services are not available, the problems do not simply go away,” said Shel Gross, director of public policy for the Mental Health Association in Milwaukee County.

“Unfortunately, we see the same patterns in Wisconsin as in the rest of the country. Parents give up their children with mental illness to the child welfare or juvenile justice systems in order to access treatment, although neither of these systems is designed to provide it. Adults with mental illness end up homeless, in prison, or in the most tragic cases, dead.”

Wisconsin is one of a minority of states that have not reduced their budgets for mental health services in the past two years, according to the report. Wisconsin has also not yet enacted policies or laws that would restrict access to medications that treat mental illness.

“To date, Wisconsin has avoided making cuts in mental health funding that would only exacerbate the existing problems,” said Gross. “The Mental Health Association calls on the Joint Finance Committee to reject any possible cuts to mental health services and to exempt mental health drugs from prior authorization or preferred drug lists. These policies cost more in the long run.”

The report gave Wisconsin an “A” for having Medicaid options that promote community-based services. But, Gross added, “Unfortunately, Wisconsin has not taken full advantage of the options on the books for Medicaid. Medicaid funds half of all public mental health services. Had Wisconsin implemented the psychosocial rehabilitation benefit that the Legislature approved in 1997 we would likely see fewer people waiting for more expensive services. We would also be drawing down more federal revenue and providing support to counties, who are struggling to serve people with mental illness. We call on the State to move ahead with implementing this benefit in the coming biennium.”

Wisconsin fared worst with regard to mental health parity, an issue that has failed to achieve support in the Legislature despite bills introduced during each of the last four sessions. Wisconsin’s mandated minimum benefits, which have not been increased to match inflation since they were introduced in 1985, earned Wisconsin a “D.”

“It is an embarrassment that we have not been able to do better than this given our progressive tradition in Wisconsin,” said Gross.

Changes to Wisconsin’s current law on mandated benefits, which were developed by a Legislative Council Study Committee and approved by the Joint Legislative Council, will be taken up later this year once work on the budget is finished.

“It’s still not parity, but it is a significant improvement in the current mandated benefits that will make a real difference in people’s lives,” added Gross. “People shouldn’t have to bankrupt themselves to receive mental health care when insurers spend hundreds of thousands of dollars treating other conditions.”

A copy of the report can be found at www.nmha.org/cantmakethegrade.

The Mental Health Association in Milwaukee County has provided information, education and advocacy to Milwaukee County for almost 75 years and over the past three years has developed a number of statewide initiatives. The MHA is affiliated with the National Mental Health Association, the country’s oldest and largest nonprofit organization addressing all aspects of mental health and mental illness.

— ACTION REQUESTED —

Product Liability Reforms Advance

The State Assembly Judiciary Committee recently approved AB 317 - Comprehensive Product Liability Reform Legislation. The bill is now available to be scheduled for floor debate in the State Assembly.

Current product liability law in Wisconsin is "common law," based upon various court decisions. This bill would codify specific consistent standards for reviewing product liability claims:

- Criteria for liability including:
 - That the product is defective due to a:
 - Manufacturing defect;
 - A design defect;
 - Inadequate instructions or warning;
 - That the defect rendered the product unreasonably dangerous;
 - That the defect existed at the time the product left the control of the manufacturers;
 - That the product reached the consumer without substantial change;
 - That the defective conditions caused the claimant's damages;
- Create a 15-year statute of repose;
- Preclude liability of a seller unless the manufacturer is not subject to service within the state or a judgment could not be enforced against the manufacturer;
- Preclude liability of a seller for negligence unless the seller failed to exercise reasonable care in assembling, inspecting or maintaining the product or in giving warnings or instructions;
- Require proof of a reasonable alternative design to prove a defective design;
- Exclude from evidence remedial measures taken subsequent to the plaintiff's damages;
- Provide a defense where damage arises from an inherent characteristic of the product that is open and obvious;
- Provide a defense where damage results from product misuse, alteration or modification;
- Provide a defense where the product user is intoxicated; and,
- Apply Wisconsin's joint and several liability reforms to product liability claims.

Passage of these reforms would assure Wisconsin businesses that they have a clear definition of what constitutes a defective product. Wisconsin would also join the more than twenty other states that have a statute of repose. Finally, it would assure Wisconsin businesses that they have clear statutory defenses to products liability claims.

ACTION REQUESTED: It is important for Wisconsin manufacturers, distributors and sellers to contact their Assembly Representatives to express **support** for AB 317.

- CALL TO ACTION -

New Mental Health Mandate Will Raise Health Care Costs

SB 72 mandates all fully-insured employers to dramatically increase coverage limits under group health insurance policies for treatment of nervous and mental disorders and for alcohol and other drug abuse problems. This will lead to higher health care insurance costs and less access to health insurance coverage in the private sector. The hardest hit will be Wisconsin's small businesses and their employees.

In his report regarding SB 72 to the Legislature, State Commissioner of Insurance Jorge Gomez has concluded this new mandate will increase the cost of health care insurance in Wisconsin. Specifically, Commissioner Gomez concludes:

"The mandate will add approximately \$9.2 million to \$30.8 million per year to premium costs for group insurance consumers, *borne mostly by small businesses.*" [Emphasis added]

Rising health care costs are forcing Wisconsin employers to shift health care cost increases to their employees, reduce health care coverage, or both. SB 72 will make the problem worse.

SB 72 Will Jeopardize Access to Health Care Insurance

Moreover, Commissioner Gomez observes "[t]raditionally, as the number of benefit mandates increase the cost of coverage rises, and as costs rise, fewer and fewer individual and businesses can afford to insure." Specifically, Commissioner Gomez concludes:

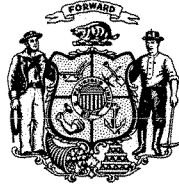
"... it is reasonable to assume that an increase in premium costs to small and medium-sized employers certainly will have a negative impact on the number of people insured in Wisconsin."

Wisconsin businesses are already struggling to help pay for employee health care benefits. Again, SB 72 will make the problem worse.

Health Care Costs Are Rising and Hurt Economic Development

Rising health care insurance costs are a major concern for businesses, big and small, as they strive to stay competitive. Rising health care costs undermine the ability of Wisconsin companies to offer health care benefits and, significantly, impede their ability to create and retain good-paying jobs in Wisconsin.

ACTION REQUESTED: Please contact your legislators and express your **strong opposition** to SB 72.



Carol Roessler
STATE SENATOR

November 5, 2003

Rosemary O'Brien
394 18th Street
Fond du Lac, WI 54935

Dear Rosemary,

Thank you for your contact on Senate Bill 71 and Senate Bill 72, relating to insurance coverage of mental health disorders or alcoholism or other drug abuse problems.

I share your concerns relating to mental health insurance coverage and strongly support these bills. As you know, the current level of coverage required has not kept pace with the cost to provide mental health services. The coverage for inpatient services has not been increased since 1985 and outpatient since 1992.

In March of this year, the Joint Legislative Council Special Committee on Mental Health Parity issued recommendations on this issue. As a result, the Joint Legislative Council introduced Senate Bill 72. This bill increases the required coverage amounts on the basis of the change in the consumer price index for medical services since the coverage amounts were enacted. I have enclosed a copy of the bill for your review.

Senate Bill 72 passed the Senate Committee on Health, Children, Families, Aging and Long Term Care, which I chair, 5-4. The bill is now available to be scheduled for a debate before the full Senate.

Senate Bill 71 specifies that the minimum coverage limits required for the treatment of nervous and mental disorders and alcoholism and other drug abuse problems do not include costs incurred for prescription drugs and diagnostic testing. This bill passed the Senate Committee on Health, Children, Families, Aging and Long Term Care 8-1 on September 15, 2003.

Thank you again for sharing your views on these issues. I will keep you updated on the progress of Senate Bills 71 and 72.

Sincerely,



CAROL ROESSLER

State Senator

18th Senate District

CR/jh/S:\DOCS\Jennifer\11-5-03 obrien sb 71 sb 72 supp.doc

JH

*Came to
Carol's house*

Coalition for Fairness

in Mental Health and Substance Abuse Insurance

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

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.

Dear Carol, 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

Should you please vote for SB 71 & SB 72. I am a member of NAMI WI and am ill. I have a nephew who has been ill for 40 some years. also have last one nephew & a grand nephew.

These people have to be on medicine which is so expensive. They are unable to work so do not have insurance. We help other people in foreign countries; We need to help the sick people here. My nephew has an over \$10,000.00 hospital bill from the Mental Health which he pays \$10.00 a month on. Please help us.

Sincerely
Rosemary O'Brien
394-18th St
Ford du Lac, Mi. 54935



Wisconsin Manufacturers & Commerce

Wisconsin Manufacturers'
Association • 1911
Wisconsin Council
of Safety • 1923
Wisconsin State Chamber
of Commerce • 1929

James S. Haney
President

James A. Buchen
Vice President
Government Relations

James R. Morgan
Vice President
Education and Programs

Michael R. Shoys
Vice President
WMC Service Corp.

Joyce A. Behrend
Assistant Treasurer

To: Members of the Senate
From: R.J. Pirlot, Director of Legislative Relations
Date: October 22, 2003
Subject: **Opposition to Senate Bill 72**, relating to increasing the limits for insurance coverage of nervous or mental health disorders or alcoholism or other drug abuse problems.

SB 72 Will Raise Health Care Costs

SB 72 mandates all fully-insured employers to dramatically increase coverage limits under group health insurance policies for treatment of nervous and mental disorders and for alcohol and other drug abuse problems. This will lead to higher health care insurance costs and less access to health insurance coverage in the private sector. The hardest hit will be Wisconsin's small businesses and their employees.

In his report regarding SB 72 to the Legislature, State Commissioner of Insurance Jorge Gomez has concluded this new mandate will increase the cost of health care insurance in Wisconsin. Specifically, Commissioner Gomez concludes:

"The mandate will add approximately \$9.2 million to \$30.8 million per year to premium costs for group insurance consumers, borne mostly by small businesses." [Emphasis added]

Rising health care costs are forcing Wisconsin employers to shift health care cost increases to their employees, reduce health care coverage, or both. SB 72 will make the problem worse.

SB 72 Will Jeopardize Access to Health Care Insurance

Moreover, Commissioner Gomez observes "[t]raditionally, as the number of benefit mandates increase the cost of coverage rises, and as costs rise, fewer and fewer individual and businesses can afford to insure." Specifically, Commissioner Gomez concludes:

"... it is reasonable to assume that an increase in premium costs to small and medium-sized employers certainly will have a negative impact on the number of people insured in Wisconsin."

Wisconsin businesses are already struggling to help pay for employee health care benefits. According to the U.S. Census Bureau, in 2002, 8.7% of Wisconsinites were without health care insurance. In 2001, that figure was 7.6%. Again, SB 72 will make the problem worse.

Health Care Costs Are Rising and Hurt Economic Development

Rising health care insurance costs are a major concern for businesses, big and small, as they strive to stay competitive. Rising health care costs undermine the ability of Wisconsin companies to offer health care benefits and, significantly, impede their ability to create and retain good-paying jobs in Wisconsin.

501 East Washington Avenue
Madison, WI 53703-2944
P.O. Box 352
Madison, WI 53701-0352
Phone: (608) 258-3400
Fax: (608) 258-3413
www.wmc.org



State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Jim Doyle, Governor
Jorge Gomez, Commissioner

Wisconsin.gov

125 South Webster Street • P.O. Box 7873
Madison, Wisconsin 53707-7873
Phone: (608) 266-3585 • Fax: (608) 266-9935
E-Mail: information@oci.state.wi.us
Web Address: oci.wi.gov

July 8, 2003

Senator Mary Panzer
Senate Majority Leader
Room 211 South, State Capitol
P.O. Box 7882
Madison, WI 53707-7882

Representative John Gard
Speaker of the Assembly
Room 211 West, State Capitol
P.O. Box 8952
Madison, WI 53708

RE: Social and financial impact report – Senate Bill 72

Dear Senator Panzer and Representative Gard:

SB 72 increases the minimum dollar amounts that must be covered for inpatient, outpatient, transitional treatment related to mental health and AODA treatment in group health insurance plans and certain individual health benefit plans. As required in, s. 601.423, Wis. Stats., I am submitting a social and financial report on the proposed health insurance mandate.

Current Wisconsin Law

Wisconsin's current mental health mandated benefits law applies only to group health insurance policies. The services covered under current law are; inpatient services, outpatient services and transitional services.

There are certain minimum coverage amounts for each of the three previously mentioned services.

A group policy that provides coverage for inpatient hospital services must annually cover:

- At least expenses for the first 30 days as an inpatient in a hospital; or
- At least \$7,000 minus a co-payment of up to 10% or actuarially equivalent benefits measured in services rendered.
- At least \$3,000 minus a co-payment of up to 10% for transitional treatment or actuarially equivalent benefits measured in services rendered.

A group policy that provides coverage for outpatient services must annually cover:

- At least \$2,000 of services minus a co-payment for up to 10% or equivalent benefits measured in services rendered.
- At least \$3,000 minus a co-payment of up to 10% for transitional treatment or equivalent benefits measured in services rendered.

** However, total coverage for inpatient, outpatient, and transitional treatment services need not exceed \$7,000 or equivalent benefits per year.

Proposed Coverage Changes

SB 72 increases the minimum coverage amounts for inpatient, outpatient, and transitional treatment as well as the overall minimum coverage amount for a group health insurance policy.

More specifically, SB 72 would:

- a. Increase the minimum for inpatient treatment of nervous and mental disorders and alcohol and other drug abuse (NM/AODA) from \$7,000 annually to \$16,800 minus applicable cost sharing or \$15,100 with no cost sharing.
- b. Increase the minimum for outpatient treatment of NM/AODA from \$2,000 annually to \$3,100 minus applicable cost sharing or \$2,800 with no cost sharing.
- c. Increase the minimum for transitional treatment of NM/AODA from \$3,000 annually to \$4,600 minus applicable cost sharing or \$4,100 with no cost sharing.
- d. Increase the minimum for all treatment of NM/AODA from \$7,000 annually to \$16,800 minus applicable cost sharing or \$15,100 with no cost sharing.
- e. Require the Department of Health and Family Services to annually report the change in the coverage limits necessary to conform to the change in the federal consumer price index for medical costs.

Impact of Mandates

Wisconsin has long benefited from a healthy and competitive insurance market. The state currently has the lowest uninsured rate in the country, according to the U.S. Census Bureau. Increasing the amount of mandated coverage for NM/AODA could have an adverse effect on our current health insurance market. Traditionally, as the number of benefit mandates increase the cost of coverage rises, and as costs rise, fewer and fewer individuals and businesses can afford to insure.

It is difficult to project the actual impact of any mandate because of the factors involved. The structure of a benefit will affect, either positively or negatively, the level of consumer demand or utilization of service. For example, a limited benefit may lead consumers to decide not to seek treatment that is not vitally necessary. On the other hand, an overly generous benefit could lead to over utilization for a specific treatment simply because payment is available. Taking these two factors into account, OCI's survey and analysis projects the following impacts of this mandate.

- The mandate will add approximately \$9.2 to \$30.8 million per year to premium costs for group health insurance consumers, borne mostly by small businesses.

- Individuals who remain covered under group policies will have an increased access to care for certain treatments as specified.
- The increase in costs could increase the disparity between insured plans and non-state regulated self-insured plans, decreasing the effectiveness and protections afforded by state regulation.

Social Impact Factors

Fully insured group health insurance products cover approximately 2.5 million state residents. This mandate will expand coverage for those individuals. However, individuals who are members of groups whose benefit plans are self-funded are exempt from state regulation by the Employee Retirement and Income Security Act of 1974 (ERISA) and will not be affected by the mandates.

Because self-funded plans do not have to offer state-mandated benefits, this option offers self-funded plans the opportunity to save as much as 10% to 15% on premium costs, or choose which benefits to offer. Anytime mandates are added to insurance products, it will increase the propensity of employer groups to switch to self-funding.

Self-funding of health benefits has historically been used mostly by larger employers, however; over the last decade, the number of medium employers shifting from fully insured to self-funded products has increased. Larger employers are able to spread these costs over a larger base when self-funding and typically do not experience the same impact.

Increasing the disparity between insured and self-funded plans costs could increase the incidence of such switching. The potential of this occurring through mandated mental health treatment is very possible.

According to testimony before the 2002 Study Committee on Mental Health Parity, as many as 1.2 million Wisconsin residents are diagnosed with either a mental disorder or a substance abuse problem which is roughly 22% of the population of the state. The number of these residents with group health insurance coverage that would be covered under SB 72 is unknown at this time.

There is no risk of employers dropping MH/A ODA coverage under SB 72 and since the mandate itself is not new, there would be no effect on the number of people who would be eligible nor would there be any effect on availability of coverage without the mandate. However, with the increase in health care costs being experienced by employers in Wisconsin during the previous years and the movement toward more consumer directed types of health care benefits being offered by employers, more of these increases will be shifted to the employees, possibly making the coverage unaffordable (even though it is available) for the employee.

Financial Impact Factors

In estimating the costs of the coverage proposed in SB 72, OCI reviewed data from states that have implemented parity legislation and the results of state employee health plans that have instituted mental health parity for state employees. This information was contained in reports compiled by PriceWaterhouseCoopers, LLP and the University of South Florida. Additionally, Data from the OCI 2001 Study of Certain Mandated Benefits in Insurance Policies and the

testimony of Roland Sturm PhD, Senior Economist from RAND Health, to the Health Insurance Committee, National Conference of Insurance Legislators were used in preparing this statement.

- **.15% to .50%, or \$9.2 to \$30.8 million, increase in insurance premiums resulting from the modifications to existing mental health requirements.**

The above mentioned increase is based on the following assumptions:

- OCI's Survey of Certain Mandated Benefits in Insurance Policies collected data from insurers regarding the level of benefits paid in excess of the mandated benefits for MH/AODA. Eight of the insurers surveyed indicated that they paid out MH/AODA benefits in excess of the mandate. These insurers indicated that the additional cost of those benefits ranged from .01% to .47% of total benefits paid under their group health plan. The insurers did not indicate if the benefit levels were the cost of full parity or of a benefit level less than full but more than the mandate requires. SB 72 does not require full parity. Premium data used in the calculation was obtained from the 2001 Wisconsin Insurance report which indicated that group health insurers \$6.1 billion in premiums for that year.
- Several insurers indicated that they did not include prescription drug costs in the calculation of the minimum coverage amounts as a matter of policy. It is not determinable at this time if those insurers may choose to begin including those costs against the limits once they are raised to the levels described in SB 72.
- The states listed in the studies showed per member/per month premium costs increased from a low of \$.06 in Maryland and California to \$.33 per member/per month in Rhode Island. Other states list percentage increases rather than per member/per month costs. For those states the percentage changes in premium costs vary from .08 percent in Maine to 3% in Vermont and Connecticut.
- Other states such as Colorado, North Carolina and the Texas State Employee health plan experienced declines in premium costs related to mental health parity. Also, individual insurers in Maryland, Minnesota and New Hampshire also experienced declines in premium costs related to mental health parity.
- These studies and others have established a link between the level of managed care market penetration and the level of increases in premium costs for mental health and substance abuse (MHSA). In the examples above, states that have high levels of managed care market penetration experienced low levels of premium increases, or even premium decreases, due to MHSA. In states where there was less managed care market penetration, premium increases were greater. Also, other factors, such as minimal or inadequate regulation of MHSA in the examples of Vermont and Connecticut also contributed to higher premium increases. Wisconsin has substantial market penetration by managed care insurance plans. Nearly 70% of employees and their dependants are enrolled in managed care plans in 2001.
- The Ohio State Employee Health Insurance Program established full parity benefits in 1991. After 10 years, the program has not experienced a significant growth in MH/AODA costs and the level of benefits has stayed constant. The Ohio employee program is significant in its reliance on managed care.

- Characteristics of managed care for MHPA include declines in average inpatient stays, decreased outpatient visits and decreases in costs for both inpatient and outpatient visits. This trend is evident in a survey of Wisconsin insurers that was compiled by OCI in January 2001. That survey showed decreases in outpatient utilization of .2% and decreases in costs per service of 9.2%. Together these factors contributed to a -1.3% effect on overall insurance premiums for the period surveyed. Increases in other elements, however, outweighed the decline in MHPA and no actual decrease in health insurance premiums was experienced. These characteristics were also evident in Maryland and Minnesota. Both states implemented parity laws in 1995 and experienced neither large cost explosions or flight of employers to ERISA sponsored plans. Cost increases in both states averaged 1-2%.
- Most estimates of mandating full parity in mental health coverage as defined in S. 543, the Paul Wellstone Mental Health Parity Act range from .9% (CBO) to 1% (PricewaterhouseCoopers).

SB 72 requires the Department of Health and Family Services to annually adjust the minimum limits to increase with the change in the federal consumer price index for medical costs. For 2002 the CPI-Medical increased 4.69%. This would increase the minimum coverage amount for all services by \$787.92 and increase the minimum amount to over \$17,500 in the second year of the mandate should the CPI-Medical trend continue. The CPI Medical has a five and ten year average increase of just over 4% annually. An attachment showing monthly changes to the CPI medical is included for your information.

Impact on the Uninsured

According to Congressional Budget Office estimates - for every 1% increase in premiums, approximately 200,000 persons nationally could become uninsured. While it would be difficult to predict the number of persons affected, it is reasonable to assume that an increase in premium costs to small and medium-sized employers certainly will have a negative impact on the number of people insured in Wisconsin.

Please contact Eileen Mallow at 266-7843 or Jim Guidry at 264-6239 if you have any questions regarding this report.

Sincerely,

Jorge Gomez
Commissioner



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in Milwaukee County**
Enhancing mental health in our community
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Mam

Stopped in
to ask status
of SB 72 -
would like to
see sch on Sen
floor.

SB72

Halbur, Jennifer

From: Louis Schubert [lschubert@tds.net]
Sent: Tuesday, September 23, 2003 10:34 AM
To: 'Halbur, Jennifer'
Subject: RE: Touchpoint and mental health

Jennifer,

Why don't I have Carol talk to Jay directly. This answer might not be as simple as we think and this way Carol can ask follow up questions if necessary.

The number is (920) 735-6300 and she should ask for Jay Fulkerson.

Thanks,

Louie

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

From: Halbur, Jennifer [mailto:Jennifer.Halbur@legis.state.wi.us]
Sent: Tuesday, September 23, 2003 10:35 AM
To: 'lschubert@tds.net'
Subject: RE: Touchpoint and mental health

Louie, whichever is easier for you would be fine. Thanks!

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

From: Louis Schubert [mailto:lschubert@tds.net]
Sent: Tuesday, September 23, 2003 9:06 AM
To: 'Halbur, Jennifer'
Subject: RE: Touchpoint and mental health

Jennifer - I can either try to find that information out for you. Or I could get Carol in touch with Jay Fulkerson up at Touchpoint, whichever you prefer.

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

From: Halbur, Jennifer [mailto:Jennifer.Halbur@legis.state.wi.us]
Sent: Monday, September 22, 2003 4:52 PM
To: 'lschubert@tds.net'
Subject: Touchpoint and mental health

Hi Louie,

Senator Roessler is wondering if Touchpoint covers mental health treatment beyond what is minimally required by state law. Do you have this information?

Thanks!

Jennifer

Here is the #.
I also gave this to Sara for your phone list.
Thanks - Jennifer

Carol - your question