



WISCONSIN CATHOLIC CONFERENCE

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

FROM: John Huebscher

DATE: July 22, 2003

RE: Support for Senate Bills 71 and 72 – Increasing Insurance Coverage for Mental Health

On behalf of the Wisconsin Catholic Conference, the public policy voice of Wisconsin's Roman Catholic bishops, I wish to express our support for Senate Bills 71 and 72, which enhance health insurance coverage for mental illness and substance abuse.

The Joint Legislative Council Study Committee on Mental Health Parity approved these two proposals to incrementally advance coverage of mental health services in this state. Senate Bill 71 essentially codifies what has been current practice in most health insurance plans with regard to coverage for diagnosis of mental illness and prescription medications for mental health conditions. Under SB 71, diagnosis and prescription services related to mental health treatment will not be charged against the statutorily established "minimum" coverage.

Senate Bill 72 increases the "minimum" coverage limits for treatment for nervous and mental disorders and for AODA problems. Under the bill, the various coverage amounts would be increased by the amount of change in the federally indexed cost-of-living for medical services. If enacted, SB 72 would increase the statutory minimum coverage for inpatient mental health services from the current \$7,000, which was set in 1985, to \$16,800. While some argue that this increased coverage limit could impact insurance rates, SB 72 is a sensible policy that reflects medical science's current understanding of the intricate link between mental and physical health. It is a step in the right direction toward parity coverage for those who suffer from mental and physical illness.

The human person is more than a physical body. Our human nature blends the physical with the intellectual and spiritual. The latter two may be harder to quantify but are no less deserving of our attention. Further, each of us possesses an innate dignity with which, in the words of the Founders, we are endowed by the Creator. This human dignity is present even when one is physically, mentally or emotionally afflicted.

Since all of us suffer when illness robs our neighbor of his or her ability to contribute to the community, we have a shared responsibility to support those who find themselves in a condition of serious mental illness. The mental health needs of our neighbors, no less

than their physical well being are a proper concern of public policy. It is, therefore, appropriate for laws and policies to foster greater equity in how we deal with mental and physical illness.

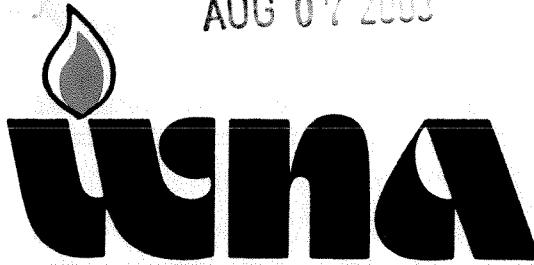
Proper treatment of mental health and substance abuse not only serves the human dignity of the individual afflicted with a condition or addiction; it also serves to enhance the safety and security of our communities. Indeed one of the issues that continually surfaced as the bishops studied the issue of crime and the criminal justice system in this state was the percentage of prisoners with mental illness and addictions. Mental illness and substance abuse issues also clearly intertwine with other social concerns such as poverty.

While medical science has advanced our understanding of mental illness, society continues to stigmatize those who suffer from mental illness and substance abuse as though their condition is a consequence of some moral flaw. Certainly those who suffer from these conditions have a responsibility to seek treatment and to pursue the prescribed treatment. Society, however, has an obligation to serve those who seek healing and to reach out to those whose afflictions may limit their capacity to seek assistance.

While these bills do not establish "parity" coverage for mental health services, SB 71 and SB 72 advance the state's policy with regard to those who are mentally ill. We urge the Committee to support these proposals.

Thank you for your consideration.

AUG 07 2003



Wisconsin Nurses Association

6117 Monona Drive
Madison, Wisconsin 53716-3995
(608) 221-0383
FAX (608) 221-2788

Senator Carol Roessler
State Capitol
P.O. Box 7882
Madison, WI 53707

Dear Senator Roessler:

The Wisconsin Nurses Association (WNA) respectfully requests your support of mental health parity by passing SB 71 and SB 72.

The WNA is the professional voice of registered nurses in the state of Wisconsin. WNA firmly believes that mental disorders are biologically based brain disorders that deserves full medical coverage as other brain disorders, such as stroke, head injuries/traumas or Parkinson's disease.

Mental illness affects people of all ages, races, religions, and socioeconomic levels. Typically they strike individual in the price of their lives, often during adolescence and young adulthood. Mental illness cannot be overcome by will power and are not related to a person's "character" or intelligence. Currently in the United States, 5-10 million adults and three to five percent of children ages 5 to 17 are affected with serious mental illness conditions.

SB 71 and SB 72 move closer to the ultimate goal of providing full medical coverage to persons that are affected with mental disorders. SB 71 requires that financial limits be based on actual payments rendered; payments for medications and diagnostic procedures would not be considered as part of the financial limits. SB 72 changes the minimum amount of coverage that must be provided for the treatment of nervous and mental disorders on the basis of the change in the consumer price index.

WNA supports mental health parity for the following reasons:

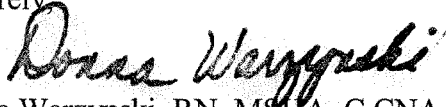
- 1). Mental health parity can increase access to mental health services thereby improve treatment outcomes for many individuals suffering from a mental illness. For example, the current success rate for treating schizophrenia is 60%, manic depression is 65%, and major depression is 80%

- 2). SB 71 and 72 offers tremendous opportunities to Wisconsin's employers. Benefits include increase worker performance, decreased worker absenteeism, and decrease worker turnover. The National Institute of Mental Health calculates that the effects of mental disorders, alcoholism and substance abuse exist in over 44.5 million Americans. Given these significant numbers of individuals, there is a direct impact on the production of quality goods and services
- 3). The impact of these mental conditions expands far beyond the workplace. These conditions not only affect the individual but our families and communities.

Everyday nurses see the negative effects of mental illness, alcoholism, and drug abuse on our patients and their loved ones. We see lives shattered; workplaces and school crisis emerge due to a lack of adequate mental health insurance coverage. Wisconsin needs to take the step to ensure that all patients who suffer from disorders originating from the brain have adequate and equal medical insurance coverage.

Please support mental health parity by supporting SB 71 and 72. It's good for patients and good for the state of Wisconsin.

Sincerely



Donna Warzynski, RN, MSHA, C,CNA
President
Wisconsin Nurses Association

Wisconsin Community Mental Health Counseling Centers, Inc.

Hartford Office

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

Whitewater Office

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Whitewater, WI 53190
(262) 473-6119

West Bend Office

Centrum Building
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West Bend, WI 53095
(262) 335-3630

Corporate Office

155 East Capitol Drive, Suite 1
Hartland, WI 53029
(262) 367-5501
Fax: (262) 367-5629
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A Private State Certified Outpatient Mental Health &
Addiction Treatment Group

Mequon Office

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

Elkhorn Office

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

Hales Corners Office

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

MAR 05 2004

MEMORANDUM

Date: March 2, 2004

To: ALL

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

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

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

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

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

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

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

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

SB71



AFSCME®

WISCONSIN OFFICE • 8033 Excelsior Drive, Suite A • Madison, Wisconsin 53717-1903 • Telephone 608/836-6666

Date: Monday, March 1, 2004

To: Senator Mary Panzer

From: Susan McMurray, AFSCME lobbyist

Re: Request to schedule SB 72, mental health parity bill

AFSCME supports SB 72 and strongly encourages you to schedule the bill for a vote in the state Senate this week or next.

As you know, SB 71 and SB 72 have been thoroughly studied and debated in previous sessions and through the non-partisan Legislative Council study committee process. We are pleased that SB 71 will be taken up by the Senate on Tuesday. However, we believe that achieving mental health parity is incomplete without action on SB 72 as well.

AFSCME believes it is time for Wisconsin to increase the minimum amount of coverage that must be provided in certain group insurance policies for mental illness and alcoholism or other drug abuse problems, based on changes in the consumer price index since the current standards were enacted. We urge you to schedule SB 72 for a vote in the Senate as soon as possible.

If there is any way you think AFSCME can be of assistance in building support for this legislation, please contact me at 836-6666.

Thank you for considering our views.

Cc: Sen. Carol Roessler
Sen. Jon Erpenbach
Sen. Dave Hansen
Rep. Dan Vrakas

Asbjornson, Karen

From: susan mcmurray [smcmurray@tds.net]
Sent: Monday, March 01, 2004 4:45 PM
To: sen.panzer@legis.state.wi.us
Cc: sen.roessler@legis.state.wi.us; sen.hansen@legis.state.wi.us; sen.erpenbach@legis.state.wi.us; rep.vrakas@legis.state.wi.us
Subject: AFSCME on SB 72 and SB 71

Attached is a memo to Sen. Panzer regarding AFSCME's support for having SB 72 scheduled for action by the state Senate.

Thanks.

Susan McMurray
AFSCME lobbyist
836-6666

Senator Karcus 7/22/03

Can support SB 71 -

With no amendments.

Jermstad, Sara

From: Rose, Laura
Sent: Monday, June 30, 2003 1:19 PM
To: Jermstad, Sara
Subject: RE: July 22 hearing

Sara,

SBs 73 and 74 were reintroduced into the 2003 session by the Legislative Council by a unanimous voice vote on March 12, 2003.

The bills were originally introduced into the 2001 session. The Committee and Legislative Council Votes were as follows:

SB 73: (WLC: 0142/1), relating to requiring the creation of a task force to develop a plan to close at least one state center for the developmentally disabled, was recommended by a Committee vote of Ayes, 13 (Sens. Robson and Roessler; Reps. Foti and Plouff; and Public Members Brinkman, Friese, Helgesen, McGwin, Olson, Ryan, Thompson, Ward and Wittenmyer); and Noes, 0.

At its May 15, 2001 meeting, the Joint Legislative Council voted to introduce WLC: 0142/1 on a roll call vote as follows: Ayes, 19 (Reps. Rhoades, Black, Bock, Foti, Freese, Gard, Huber, Jensen, Lehman and Meyerhofer; and Sens. Risser, Baumgart, Burke, Chvala, Darling, George, Grobschmidt, Robson and Zien); Noes, 0; and Absent, 3 (Rep. Stone; and Sens. Panzer and Rosenzweig). The proposal was subsequently introduced as 2001 Senate Bill 231 and 2001 Assembly Bill 473.

SB 74: (WLC: 0059/2), relating to adding legislative members to the council on developmental disabilities, and requiring an annual report to the Legislature; WLC: 0060/2, relating to permitting counties to provide the nonfederal share of MA to create additional brain injury waiver slots; WLC: 0100/2, relating to requiring the DHFS to promulgate rules relating to registered nurse visits as part of a review of a plan of care for persons receiving personal care services under the MA program, and requiring rule-making; and WLC: 0116/1, relating to requiring the DHFS to develop a plan to require one subunit within the DHFS to administer all institutional and community-based services for persons with developmental disabilities; and to combine all funding under the MA program for institutional and community-based services into one appropriation.

The Committee vote was as follows: Ayes, 13 (Sens. Robson and Roessler; Reps. Foti and Plouff; and Public Members Brinkman, Friese, Helgesen, McGwin, Olson, Ryan, Thompson, Ward and Wittenmyer); Noes, 0.

These drafts were subsequently redrafted as WLC: 0151/1.

At its May 15, 2001 meeting, the JLC voted to introduce WLC: 0151/1 into both houses of the Legislature on a roll call vote of Ayes, 18 (Reps. Rhoades, Bock, Foti, Freese, Gard, Huber, Jensen, Lehman and Meyerhofer; and Sens. Risser, Baumgart, Burke, Chvala, Darling, George, Grobschmidt, Robson and Zien); Noes, 0; and Absent, 4 (Reps. Black and Stone; and Sens. Panzer and Rosenzweig).

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

From: Jermstad, Sara
Sent: Monday, June 30, 2003 11:25 AM
To: Rose, Laura
Subject: RE: July 22 hearing

Laura,

SB 73 and 74 were from the Special Committee on Developmentally Disabilities - SB73 relates to the creation of a task force to develop a plan for closing the centers and SB74 relates to adding legislators to the Council on DD, expanding eligibility and requiring submission of waiver requests, etc. I believe the Discipline of Health Care Professionals bills were not re-introduced by Leg Council this session. In fact, Senator Roessler is planning to (re) introduce those bills soon.

Thank you for the votes for the other bills. I appreciate it.

Sara

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

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

From: Rose, Laura
Sent: Monday, June 30, 2003 10:14 AM
To: Jermstad, Sara
Subject: RE: July 22 hearing

Sara,

SBs 73 and 74 were developed by the Special Committee on Discipline of Health Care Professionals. That committee met in 1999, and the report I sent over before contains the committee and Legislative Council votes on that bill. Those bills were reintroduced into the 2001 session by the Legislative Council on March 14, 2001 by a unanimous voice vote.

Here are the committee and Legislative Council votes on the other bills:

MENTAL HEALTH PARITY: SBs 71 and 72:

SPECIAL COMMITTEE VOTES

- WLC: 0119/1, relating to treatment of prescription drug costs, diagnostic testing, and payments under mandated coverage of mental health and alcoholism and other drug abuse problems: Ayes, 14 (Sen. Hansen; Reps. Vrakas and Lehman; and Public Members Beilman, Frett, Gross, Krumholz, Moulthrop, Reider, Rosenzweig, Schick, Slota-Varma, Wieske, and Yunk); Noes, 0; and Absent, 0. [The recommended proposal was subsequently drafted as LRB-1978/2.]
- WLC: 0120/1, relating to increasing coverage limits for insurance coverage of nervous or mental health disorders or alcoholism or other drug abuse problems: Ayes, 8 (Sen. Hansen; Rep. Lehman; and Public Members Beilman, Gross, Moulthrop, Rosenzweig, Slota-Varma, and Yunk); Noes, 6 (Rep. Vrakas; and Public Members, Frett, Krumholz, Reider, Schick, and Wieske); Absent, 0. [The recommended proposal was subsequently drafted as LRB-1979/1.]

JOINT LEGISLATIVE COUNCIL VOTES

The Joint Legislative Council voted to recommend the proposed bill drafts on March 12, 2003. The votes on the drafts were as follows:

Rep. Freese moved, seconded by Sen. Panzer, that LRB-1978/2, relating to treatment of prescription drug costs, diagnostic testing, and payments under mandated insurance coverage of treatment for nervous and mental disorders and alcoholism and other drug abuse problems and granting rule-making authority, be introduced by the Joint Legislative Council. The motion passed by a voice vote.

[Sen. Welch asked that the record reflect that he voted "no" on LRB-1978/2.]

Sen. Erpenbach moved, seconded by Rep. Coggs, that LRB-1979/1, relating to increasing the limits for insurance coverage of nervous or mental health disorders or alcoholism or other drug abuse problems, be introduced by the Joint Legislative Council. The motion passed on a roll call vote as follows:

Ayes, 13 (Sens. Erpenbach, Harsdorf, Panzer, and Risser; and Reps. Coggs, Foti, Freese, Kaufert, Kreuser, Lehman, Schneider, Townsend, and Travis); Noes, 4 (Sens. Lasee, Darling, and Welch; and Rep. Wieckert); Absent, 4 (Sens. Decker, Ellis, and George; and Rep. Gard); and Vacancy, 1. [Rep. Gard noted that had he been present, he would have voted "Aye" on LRB-1979/1.]

RELATIVE CAREGIVERS: SB 82:

SPECIAL COMMITTEE VOTES

By a mail ballot dated February 10, 2003, the Special Committee voted to recommend WLC: 0127/1 to the JLC for introduction in the 2003-04 Session of the Legislature. The votes on the draft were as follows:

- WLC: 0127/1, relating to the kinship care program, notice of guardianship proceedings, creating a medical services consent form, and requesting the joint legislative council to study guardianship and legal custody: Ayes, 12 (Sen. Moore; Reps. Kestell, Krug, and Ott; and Public Members Albrecht, Cabraal, Gonzalez, Hafner, Huber, Kratz, McAllister, and Medaris); and Noes, 0.

JOINT LEGISLATIVE COUNCIL VOTES

At its February 19, 2003 meeting, the Joint Legislative Council voted as follows on the following recommendation of the Special Committee:

Introduction by the Joint Legislative Council of WLC: 0127/1 **PASSED** by a unanimous voice vote. WLC: 01271 was subsequently introduced as 2003 Assembly Bill 201 and 2003 Senate Bill 82.

STATE TRIBAL RELATIONS: SB 192:

- WLC: 0148/1, relating to tribal administration of rehabilitation reviews for persons who otherwise may not operate, be employed at, contract with, or reside at an entity that provides care for children or adults and granting rule-making authority. The motion passed on a vote of **Ayes, 12** (Reps. Musser, Boyle, Hines, Pettis, and Sherman;

Sen. Zien; and Public Members Bichler, Brown, Gordon, Ninham, Puskarenko, and Taylor; *Noes, 1* (Rep. Coggs); and *Not Voting, 4* (Sen. George; and Public Members Besaw, Bigboy, and Thundercloud). This was subsequently redrafted by the LRB as LRB-2552/1.

The Legislative Council vote was Ayes, 15 (Sens. Erpenbach, Brown, Harsdorf, Risser, Lasee, Darling, Welch, Decker; Reps. Wieckert, Freese, Kaufert, Lehman, Schneider, Townsend and Travis); No, 2 (Rep. Gard and Sen. Ellis); Not voting, 4 (Reps. Coggs, Kreuser and Sens. George and Panzer); and Rep. Foti indicating that he would have voted "no" if present.

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

From: Jermstad, Sara
Sent: Thursday, June 26, 2003 4:23 PM
To: Rose, Laura
Subject: July 22 hearing

Laura,

You probably noticed that all the bills we will be hearing at the July 22 hearing are Leg Council bills. Carol would like to know what the Leg Council votes were for each of the bills. Would you be able to find that out for me?

Thank you,
Sara

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



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

NOV 04 2003

*Came to
Cl's house*

JH

Coalition for Fairness

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

in Mental Health and Substance Abuse Insurance

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

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

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

Senate Bill 71

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

Senate Bill 72

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

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 Fond du Lac. I have a nephew who has been ill for 40 some years. also have lost 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

Kurtz, Hunter

Subject: FW: 2 Items

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

From: bev gudex [mailto:bevgudex@charter.net]

Sent: Tuesday, October 14, 2003 3:59 PM

To: Carol Roessler (Se:Roessler@legis.state.wi.us)

Subject: 2 Items

Good Morning Carol!

Hey, just wanted you to know we don't always disagree. I wish to thank you for your support on SB 71 & SB 72. Folks with mental illness appreciate your foresight.

I hope you are as progressive on SB186. I can't believe WI would want to turn down federal dollars for birth control. Sex has been around since the beginning of mankind and I think it is here to stay. As an elderly RN client of mine used to fondly and loudly say "Sex is a one of the strongest instincts mankind has!" Is there a time and place for sex - sure, but I would much rather have birth control available than pay for abortions and unwanted pregnancies. The sexism of not providing access and payment for birth control blows me away.

Have a great day and I await my white chili bean mix!

Bev Gudex

340 Linden St.

Fond du Lac, 54935

920-924-5852

TRH

10/15/2003

WISCONSIN PSYCHOLOGICAL ASSOCIATION

121 South Hancock Street • Madison, Wisconsin 53703



Sarah Bowen
Executive Director

Phone: 608-251-1450

Fax: 608-251-5480

Email: wispsych@execpc.com

NAMI Wisconsin

Catherine A. Beilman
Chair, Legislative Committee

4510 Woods End Madison, WI 53711

Tel. & fax 608 238 2235

E-Mail rbeilman@midplains.net

Charter

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

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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

Halbur, Jennifer

From: Seaquist, Sara
Sent: Tuesday, September 09, 2003 2:26 PM
To: Halbur, Jennifer
Subject: FW: Mental Health Mandates
CR email...not a constituent

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

From: Steven Knorr [mailto:sknorr@wvcp.com]
Sent: Tuesday, September 09, 2003 1:20 PM
To: Senator Carol Roessler
Subject: Mental Health Mandates

Dear Senator Roessler:

I am deeply concerned about the bills being considered in the Senate and Assembly that would once again increase mandated health insurance limits for mental and drug and alcohol related disorders. As the owner of several small businesses (family owned), we have experienced double digit increases in health insurance costs in two of the last three years. Our rates have increased 66% in three years. Adding additional mandated coverages will only make these increases larger. The net bottom line effect on our 90 employees will be that we will have to increase deductibles substantially or shift the increases to our employees. In either case, the only winners in this picture are the doctors who can increase their income levels thanks to the legislators who are unable to see the big picture of what mandated health care coverage really does to workers. Legislation should be aimed at controlling health insurance costs to allow more people to get affordable coverage. Allowing small businesses to pool together to purchase health insurance would be a good start to help those of us who have the laws stacked against us when it comes to purchasing health insurance. Thank you for your consideration.

Sincerely,

Steven Knorr
President
Wisconsin Valley Concrete Products Co.
PO Box 668
Wisconsin Rapids , WI 54495

09/11/2003



State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Jim Doyle, Governor
Jorge Gomez, Commissioner

Wisconsin.gov

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*Bring into
attachment
the reality of costs
in these hard areas*

*Most
Productive
- and of
- X in front*

June 27, 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/AODA 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 MHPSA 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 MHPSA 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

Hansen & Vrakas made the comment at the beginning of the Committee mtgs that the people at the table are on opposite ends and they must all compromise. Nobody can think that a compromise will not be reached.

⇒ Advocates compromised

⇒ insurance providers did not

Randy Spangle, Director of Ashland Area AODA Council, 715-682-5207; he wanted to call and thank CR for her interest and continued support of AODA-related legislation, etc., especially for SB 71 and SB 72 which are up tomorrow. (I'm not sure how those two relate to AODA but he thought they did) He doesn't necessarily need a call back, just wanted CR to know. (2:00pm, 7/21/03) -dpr