

HEALTH CARE

Mental health parity act placed in bailout package

BY MONICA PERIN
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A so-called "sweetener" in the \$700 billion financial bailout package passed by Congress was the Mental Health Parity Act of 2008.

The legislation requires employers who offer mental health insurance to provide coverage on an equal basis with coverage for treatment of physical illnesses.

The cost impact "will be minimal," says Jay Donnella, director of Frank Crystal & Co. of Texas Inc., an insurance brokerage firm.

He estimates the initial cost increase will be from less than 1 percent to 2 percent, but the measure could actually reduce health care costs over time due to the strong link between mental and physical health.

"Depression and stress and other mental disorders can have physical consequences," Donnella says.

A 2008 survey of Houston employers providing equal mental health coverage conducted by Mental Health of America of Greater Houston found that average mental health costs as percentage of total health costs are 2.2 percent, and the average annual cost per employee for mental health benefits is \$150.

Many employers have been advocating mental health parity for years, says James Watt, CEO of Employee Benefit Solutions, a Houston-based insurance brokerage.

THE MENTAL HEALTH PARITY ACT

Background: Developed by mental health, insurance and business organizations and authored by U.S. Senators Edward Kennedy (D-Mass.), Mike Enzi (R-Wyo.) and Pete Domenici (R-N.M.).

New requirement: Employers who offer insurance coverage for mental health must provide same coverage on an equal basis with coverage for treatment of physical illnesses.

Legislative change: Bill amends the Mental Health Parity Act of 1996, which required parity only in annual or lifetime maximum benefits for mental and physical health.

In fact, he says, a number of local companies are already ahead of the curve.

In a 2008 survey of health cost trends conducted by Employee Benefits Solutions for the Houston Business Group on Health, 23 percent of responding companies reported having mental health parity.

The Houston business community has a number of high-profile supporters. James Hackett, CEO of Anadarko Petroleum Corp., introduced mental health parity at Anadarko as well as Ocean Energy Inc. and Devon Energy Corp., two other companies he previously led. Philip Burguires is vice chairman of the Houston Texans and board member of FMC Technologies Inc., and both organizations offer mental health parity. Jim "Mattress Mac" McIngvale provides equal mental health coverage to employees at Gallery Furniture.

MENTAL CONDITIONS

Under the Mental Health Parity Act of 2008, co-payments, deductibles and out-of-pocket expenses must be the same for mental illnesses as for physical conditions.

At the same time, company health plans may not limit the number of outpatient therapy visits or hospital treatment days allowed for mental conditions.

The legislation does not require employers to offer mental health coverage — only that if they do, it must be the same as physical health coverage.

The law does not apply to employers with less than 50 employees.

Not spelled out by the new federal law is what mental illnesses should be included in coverage, although it does specify that substance-related disorder benefits must be on par with medical benefits.

The determination of what mental conditions should be covered by insurance will be up to state laws, insurance companies and employers.

A 1997 Texas law requires that health plans provide coverage of eight serious mental conditions, including schizophrenia, bipolar disorders, major depressive disorders, pervasive developmental disorders and postpartum depression.

The legislation amends the Mental Health Parity Act of 1996, which required parity only in annual or lifetime maximum benefits for mental and physical health.

John Currie, principal of Employee Benefit Solutions, notes that the previous legislation left a large loophole for employers to impose limitations on mental health treatment.

"This (2008 law) is true parity," Currie says.

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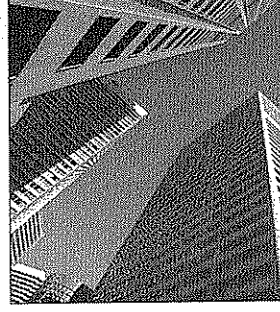
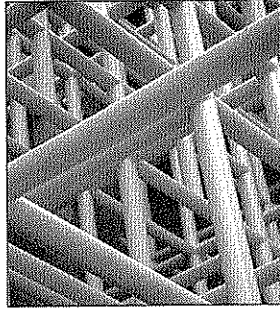
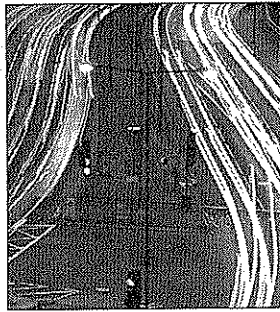
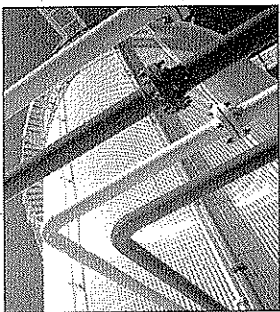
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