

Mental-health benefits get a big boost

Parity with general medical coverage included in the financial bailout package

By Kristen Gerencher, MarketWatch

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SAN FRANCISCO (MarketWatch) -- For many consumers with group health insurance, getting affordable access to mental health care or substance-abuse treatment is about to become easier after a long-awaited new law goes into effect.

Earlier this month, President Bush signed the Mental Health Parity and Addiction Equity Act as part of the financial bailout package after advocates, insurers, employer groups and lawmakers spent a dozen years working out its contents.

The law, which will go into effect Jan. 1, 2010 in most cases, is designed to make the coverage of mental disorders and substance abuse equivalent with any benefits available for general medical and surgical care among employers with more than 50 workers. It doesn't require that companies offer mental-health coverage, but if they do the coverage must be on par with that for physical ailments.

That means such plans will no longer be able to have separate deductibles and copayment structures for mental-health care, and won't be able to place different limits on the number of outpatient visits and inpatient hospital days compared with those offered for general medical services.

Supporters say the bill will help end insurance discrimination and further erode the stigma of mental illness.

It will result in better coverage for treatment of debilitating diseases such as depression, bipolar disorder, schizophrenia and post-traumatic stress disorder, said Nada Stotland, president of the American Psychiatric Association and a psychiatrist in Chicago. The new law is estimated to improve coverage for 113 million people, including 82 million in employer-sponsored plans that aren't subject to state regulation.

"The declaration by the United States government that these are bona fide illnesses with bona fide treatments is an enormous statement for people suffering from mental illnesses," Stotland said.

"It will help some people who are already in care or contemplating care to stick with their care because hopefully their visits won't run out," she said. "Most people don't need very many visits, but people need as many visits as they need and they are at great risk of relapse if they stop their visits" before completing treatment.

Managing care

The Association for Behavioral Health and Wellness, which represents companies that manage behavioral health benefits and cover 147 million people, has been involved in trying to pass mental-health parity for more than a decade, President Pamela Greenberg said.

"It makes more sense in terms of [letting] us manage the benefit for what's medically appropriate or necessary for someone instead of managing the benefit to one of these arbitrary limits," she said. "This allows the patient to get what they need." Under the new law, more people are likely to get an out-of-network mental-health benefit for the first time, which will enable them to see a wider variety of professionals, Greenberg said.

"It would still cost you more to go out of network than in network, but right now if you don't have an out-of-network provider you'd pay 100%," she said.

Managed-care companies specializing in mental-health benefits likely will be more aggressive about getting value out of treatments, said Andrew Sperling, director of legislative advocacy for the National Alliance on Mental Illness in Washington.

"They're going to insist on adherence to evidence-based practice" in terms of how medications are prescribed and therapies are selected, he said. "That's not a bad thing because our field has got to grow up. That's what they're doing with cancer, diabetes and heart disease."

Employers and health plans will have discretion over what constitutes mental-health care and not the government, Sperling said. "You decide what you cover, but what you cover you cover at parity."

Forty-two states already have mental-health parity laws, though they vary widely in their scope of coverage, he said. The group health plan that covers more than 8 million federal employees, their dependents and retirees enacted mental-health parity in 2001. Over the next six years Medicare will phase out the current 50% rate of cost-sharing for mental health care and put it in line with the 20% cost-sharing beneficiaries pay for other health services.

Limitations and opportunities

While the new law represents a big step forward, some problems remain to be resolved, Stotland said.

"There are still many hassles placed in the path of people who want care and mental-health professionals who provide care...in terms of getting permission that are worse than with other kinds of medical care," she said.

What's more, insurance rules that require a patient to see a psychiatrist for prescription needs and a social worker for psychotherapy are inefficient and less effective for patients since psychiatrists are trained to provide both when needed, Stotland said.

Excitement over mental-health parity is substantial at the Depression and Bipolar Support Alliance, a national patient-run organization in Chicago, even though the majority of the 5 million people it helps annually are on disability or are self-employed and won't be affected by the new law, said Gloria Pope, director of advocacy and public policy.

Still, it represents a good first step, Pope said. "Even passing this was a victory -- a partial victory, but a victory."

Unlike the last time the U.S. considered national health reform in the early 1990s, equal treatment for mental-health care will be assumed in 2009, Sperling said.

"If we debate health reform next year with a new president, mental health is going to be on equal footing," he said. "We didn't have that in '93-94."

Increase in costs?

The new law may raise group health insurance premiums an average of 0.2% to 0.4%, according to estimates from the Congressional Budget Office.

Employers' cost changes likely will depend on how equal their benefits are now, Sperling said. "If you're in compliance with existing state parity laws, you can probably implement this with no additional cost at all."

Employers have been anticipating a national mental-health parity requirement, but some say they'll have to pass additional health-care costs onto workers, according to a survey from law firm Miller & Chevalier and the American Benefits Council, which represents 280 major employers.

Thirty-nine percent of companies say they'll increase employee premium contributions as a result of the new law, 24% will make other unspecified adjustments to offset any cost increase and 11% will do both, according to the poll of 187 large employers, which was fielded in August.

Still, improving mental-health benefits probably will end up saving money in the long run because untreated mental disorders often lead to doctor's visits for physical symptoms such as headaches, backaches and fatigue, Stotland said.

Untreated depression is a significant risk factor for heart attacks, she said.

"We have very good evidence the use of general medical care will go down if the use of mental-health care goes up," Stotland said. "Generally it will at least even out." ■

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