

Senate sponsor testimony may 11, 2004

Thank you Chairman Nein for the opportunity to provide you and the Senate Insurance Committee with sponsor testimony on HB 225 known in the press as the "Mental Health Parity Bill".

It's taken a long time to get this bill over to the Senate. The issue has been around for 18 years and this is my 5th attempt in my 9 years in the House.

Challenge

I feel that I should warn you of something right up front. If you do not want to support this legislation you may wish to leave right now. Regardless of what you think you know about this issue, regardless of what you've heard about this issue, I predict that if you genuinely listen to the research that I and others have developed you will come to the same conclusion that I and a majority of House members came to. That conclusion, the time has come to **end state sanctioned discrimination against mental illness.**

Background

Since this issue is new to the Senate I am going to take a minute to tell you how the issue found me. Shortly after my appointment to the House in 1995 I was invited to and attended a meeting hosted by the National Alliance for the Mentally Ill in Toledo. I had no background in mental health issues.

To the best of my knowledge I had never known anyone who suffered from mental illness. I was a fiscally conservative Republican who built and owned an insurance agency, belonged to 5 Chambers of Commerce and had absolutely nothing in common with those who invited me to the meeting.

I was new and didn't know any better so I decided to be polite and listen to what they had to say. As I listened it became painfully obvious that they made a very good case for ending insurance discrimination against brain disorders. Two keys jumped out at me. One with proper diagnosis and treatment many who suffer from mental illness can get better. Secondly when they get better they become employable so the potential is there for them to go from taking public assistance to becoming tax payers. You see according to the Department of Mental Health 70% of those who suffer from serious mental illness have employment as a goal only 7% of them are employed. It was those 2 points that started on a 9 year journey that has led to here today.

The Issue

The problem is that these insurance policies provide more generous benefits for a sick heart than they do a sick mind.

More interesting perhaps, is that insurance companies apply different degrees of coverage to the brain depending on how you define the illness. In other words physical illnesses might have an annual benefit of \$1 Million whereas if the illness is defined as mental the benefit is typically \$10,000 per year.

S.R.Thorward

In the House Health Committee we heard testimony from the renowned psychiatrist S.R. Thorward (handout #1). I hope that he will be given an opportunity to appear before you in the future but in case he doesn't I will synopsize his testimony. He described how a chemical found in the brain called dopamine is at the center of this issue. If too little is produced the patient suffers from Parkinson's disease. (Michael J. Fox, the Pope, Mohamed Ali). If however too much dopamine is produced it results in an illness called Schizophrenia. Parkinson's disease is defined in insurance contracts as a physical illness and entitled to maximum benefits under the policy. Schizophrenia however is defined in the insurance contracts as a mental illness and therefore your coverage is significantly less.

Discrimination

Ladies and gentlemen that's discrimination and discrimination is wrong. It is wrong when it applies to race, it is wrong when it applies to gender, it is wrong when it applies to national origin and it is wrong when applied to disease of the brain.

There are over 300,000 Ohioans today that suffer from serious mental illness. Mental illness knows no gender, it knows no race, and it doesn't care if you are a Republican or a Democrat, rich or poor. It affects the famous like **Abraham Lincoln, Winston Churchill, Beethoven, Hemingway** and Pulitzer Prize winner, **Dr. John Nash** who was the subject in the Academy Award winning movie "A Beautiful Mind."

Mental illness also affects thousands of not so famous people such as your constituents who have and will continue to come to Columbus, who have and will be sending you letters and e-mails telling of their story.

One such story is offered by **Jeff Wyatt from Valley View, Ohio** (handout#2). I've never met Jeff but his story is typical. Jeff is a single parent raising 2 daughters. His youngest daughter 17 has been diagnosed with Depression. His insurance company provides limited coverage for mental illness so that now he owes \$37,000 to the hospital.

Another of the not so famous is **Denise Nichols** from the Cincinnati area (handout #3). She's raising her son Zachary who is suffering from leukemia. Denise has been diagnosed with Bipolar Disease. The benefits have been generous in treating Zach's leukemia but Denise has amassed huge debt because the same insurance company provides limited coverage for her mental illness. I believe this quote from Denise goes to the heart of the issue. She says's *"I have struggled, as do many Ohioans, to maintain gainful employment. My medical providers on more than one occasion have suggested I accept long-term disability income, a move which would place me*

in the public sector to receive my mental health services. I want to work as do the vast number of persons who experience a mental illness. I do not want to receive Medicaid. Our current insurance system makes it very difficult for me to maintain employment.”

Mr. Chairman I've included just one more letter in your packet from **Pam Limpet** (handout #4). She's dealing with an 8 year old son who has threatened on numerous occasions to kill himself and hurt others in their family as they struggle to find the right combination of drugs and therapy to treat his illness. Because of limited coverage for this terrible illness it is tearing this family apart both financially and emotionally.

These are just three of the hundreds of letters I receive each year.

Effectiveness of treatment

When I first began talking about this issue in 1995, I had spent considerable time on issues like the effectiveness of treatment. Today this is no longer a debatable issue. Treatment works. The rates of recovery for depression are better than the outcomes for common heart disease (handout #5)

Comprehensive parity

Our first bill in 1995 called for equal treatment of all mental illness and as well as alcohol and substance abuse. House members came to me and said they could support the bill if it covered mental illness only. So in the spirit of compromise I removed alcohol and drug coverage.

Broad definition of mental illness

Some said the definition of mental illness was too broad including things like attention deficit disorders, dating disorders, separation anxiety, sleep disorder, and sexual dysfunction. So we changed the bill to apply only to the major biological mental illness such as major depression, schizophrenia and bi-polar disease.

Other changes

Still other pointed out that we might create adverse selection if the bill applies to individually written policies. So we removed individually written policies and made the coverage apply only to groups.

Some said it should not mandate mandatory drug coverage so we removed the mandate for drug coverage.

The next issue which has been the focus of extensive research and debate is cost. Opponents would have you believe that if this bill is enacted that the insurance premiums of small employers will grow out of control.

We have had two actuarial studies. First, Price Waterhouse Coopers completed one for the coalition for healthy communities an advocacy group working for passage of this legislation (handout #6). The actuary estimated the premium increase to be between .8% and 1.9%. Critics cried foul because since the advocates paid for the study it was possibly biased. So a second actuarial study was done but this time the state selected and paid for the study by Milliman USA (handout #7).

According to the Milliman study premiums would go up by about 1.2%. But their study was for the comprehensive mental health and substance abuse coverage outlined in the original bill HB 33. The bill before you today is reduced to only major biological mental illness therefore the expected premium increases would be less than 1%.

But some of our members said that is not good enough. We don't want actuarial numbers, we want real results.

Ohio

What better example than the state of Ohio. Yes, you and I and the other 50,000 state employees have full mental health and substance abuse coverage as do the 1.2 million Federal Employees. I refer you to (handout #8 and 9). You'll see that in #8 the total premium cost for a single employee has increased from \$167 in 1999 to \$292 in 2003. That's no big surprise. The surprise is on (handout #9) you'll see that the cost of the full mental health and substance abuse coverage has gone from \$7.13/employee in 1999 to \$6.92/employee in 2003. The cost of mental health coverage has gone down while the overall premiums have gone up.

Critics said that's not good enough. Show us actually results from states that have enacted parity.

Vermont

In 1998 Vermont passed the most comprehensive parity bill in the nation. Mathematica policy research was hired by the U.S. Department of Health to assess the effects of parity over the first 5 years it was in effect. I have given you a copy of this report and highlighted significant points with yellow tabs (handout #10).

First, blue cross/blue shield the largest insurer in the state said their premium increases for parity was **.19 cents/member/month**.

Next they said **"health plan and employer representatives generally believed that the parity law had little effect on premiums or the cost of care."**

The next tab shows the results of employer surveys which show that 69.7% of all employers were satisfied with the parity law. And I point out to you that every sized business from fewer than 10 employees to more than 50 was generally satisfied.

The last tab on the report points out another significant quote and it says **"little evidence suggests the parity law had any significant effects on the Vermont insurance market. The**

survey indicated that Vermont employers did not drop their insurance coverage or self insure as a result of parity.”

California

I've also given you a similar report from California in 2002 studying their parity law (handout #11).

I will not go into the same detail that I did in the Vermont report but two quotes are worth noting. **“Premium increases associated with mental health parity have also been small. Although employers faced premium increases of 10 to 20% in 2001, little of the increase was attributed to parity.”** One employer surveyed referred to the parity law as a **“non event”**.

OSU-Bob Meyer

Bob Meyer is the behavioral health administrator for the 40,000 people in their plans (handout #12). In 1997 they went to a more generous mental health benefit and he reports that the mental health benefit costs actually reduced by over 10% the first year and have leveled off except for cost of living changes. He reports the increase in premium on his plans, if our full parity bill was to pass, would be about .06 cents/member/month.

Ladies and gentlemen I think you can see by the examples I have given you that cost is not an issue. And as further evidence of my commitment to holding insurance costs down I supported an amendment offered by Rep. Tim Grendell that says if the cost of providing mental health parity exceeds 1% then the insurance company can **opt out** of providing equal treatment for brain disorders.

Uninsured

Opponents argued that any increase in premium would result in fewer employers being able to offer health care benefits to their employees. They've made a variety of claims that suggest that for every 1% increase in rates, we will increase the number of uninsured by 7,000 to 10,000 in Ohio. As you heard the Vermont and California studies refuted their contention.

We did our own research and found no basis of fact to support this argument. According to the U.S. census and medical expenditure panel(handout #12), insurance rates went up in Ohio from 1996 to 2001 by 48.9% yet the number of uninsured Ohioans reduced from 11.5% to 11.15% there refuting our opponents claims that accessibility to healthcare will go down.

I have the greatest respect for those of you who are standing up to protect the small employee-I am one and I appreciate it. But on this issue, we don't need protecting.

For a minimal increase in health insurance premiums, there are substantial potential savings for the taxpayers in the following areas.

Savings to taxpayers

Medicaid

Covered employees are more likely to be employed making them tax payers. Inadequately covered workers often have to quit their jobs and go on welfare and on Medicaid. We had numerous witnesses' tell us that without adequate coverage they had to leave their jobs so that they could qualify for Medicaid. Medicaid provides full mental health parity. Once they received adequate diagnosis and treatment they got well and were often times able to return to work only to find once again that their employers coverage was insufficient thus resulting in their not be able to continue to work and throwing them back on the public roles.

Need I remind the committee that Medicaid is the fastest growing segment of our budget? In 2002 we spent nearly \$9.3 Billion. Let me add that mental health benefits make up a significant part of the Medicaid cost

Corrections

Another ballooning part of our state budget is corrections. Those who suffer from untreated mental illness often find themselves in our state prisons. Current estimates are that 16% of Ohio's inmate's population suffers from mental illness.

The Department of Corrections spent nearly \$70 million in 2002 treating mentally ill inmates (handout #13). I am convinced that parity will have a significant positive effect on the number of patients who commit crimes and on the cost of prison treatment.

Unnecessary hospital utilization

Suicide is the second most common cause of death. Nearly 64,000 Ohio youth ages 15 through 19 attempt suicide each year (handout#14) and 24,000 will require medical treatment after the attempt and 151 will actually kill themselves. A major link to suicide in these young people is undiagnosed and untreated depression. The cost of this medical treatment is staggering. May I remind you who pays for these costs- you and me and everyone else who has health insurance?

It is also a fact that those with undiagnosed mental illness utilize emergency room facilities a rate which is 4 times as great as the remainder of the patient population.

Better mental health coverage lowers health care costs.

Budgetary Funding

Members asked "What about our Community Mental Health funding in the budget. Why isn't that enough?" In 1992 the legislature provided Community Mental Health Agencies \$315 Million. Through fiscal year 2005 when adjusted for inflation this Community Mental Health

Finally, out of the Publication Forum produced by the Ohio Insurance Institute, is a staggering statistic to highlight the significant losses businesses are taking because of untreated mental illness. It says individuals with depression cost employers \$44 billion per year in lost productivity vs. \$13 billion among those without depression (handout #15).

Editorial support

Support for insurance parity is growing. Today 34 states have enacted laws equal to or greater than the bill before you today.

The following newspapers have editorials in favor of parity (handout #16).

Cleveland Plain Dealer

Columbus Dispatch

Akron Beacon Journal

Cincinnati Enquirer

Toledo Blade

Business Insurance and others

Supporters

Note worthy national elected leaders have supported parity such as:

Former Rep. John Kasich

Sen. Mike DeWine

President George W. Bush (handout #17)

Finally I've attached the voting summary when the bill passed the house on February 4, 2004. I think you'll find it one of the most eclectic alliances ever seen. They are conservative, they are liberal, they are black, they are white, they are rural, they are urban. I can tell you that most of the conservatives on this sheet never intended originally to support the bill.

But they did because they got it.

The mentally ill will not go away. We have to face up to what to what The Coalition for Healthy Communities calls the Perfect Storm.

We can't continue to use our prisons as modern day versions of Psychiatric Hospitals.

We can't continue to have the State cut it's funding to Community Mental Health Boards.

We can't continue to shove our mentally ill onto our Welfare and Medicaid roles. We can't continue to burden the taxpayer with an inefficient and expensive system of delivering services to the mentally ill.

We can't continue to shove the mentally ill to back ally's and homeless shelters.

Mr. Chairman and members of the committee I know that I've gone on a bit long but as I said in the opening, families and consumers have been waiting 18 years to get here. I hope you heard their story.