

Legislative Analysis



MENTAL HEALTH & SUBSTANCE ABUSE COVERAGE

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House Bill 4597
Sponsor: Rep. Rebekah Warren

House Bill 4599
Sponsor: Rep. Bert Johnson

House Bill 4598
Sponsor: Rep. Tom Pearce

House Bill 4600
Sponsor: Rep. Pam Byrnes

Committee: Health Policy
Complete to 6-15-09

A SUMMARY OF HOUSE BILLS 4597-4600 AS INTRODUCED 3-17-09

The bills would, generally, prohibit health insurers from imposing cost-sharing requirements and benefit or service limitations for mental health and substance abuse services that are more restrictive or financially burdensome than for medical services. This would apply to group and individual contracts issued or renewed on or after January 1, 2010.

House Bill 4597 would amend the Insurance Code (MCL 500.3406s) to apply to hospital, medical, or surgical policies of commercial health insurance companies and health maintenance organizations (HMOs) providing *outpatient* medical services.

House Bill 4598 would amend the Insurance Code (MCL 500.3406t) to apply to hospital, medical, or surgical policies of commercial health insurance companies and health maintenance organizations (HMOs) providing *inpatient* hospital medical services.

House Bill 4599 would amend the Nonprofit Health Care Corporation Reform Act (MCL 550.1416f) to apply to *inpatient* hospital medical services of Blue Cross and Blue Shield of Michigan.

House Bill 4600 would amend the Nonprofit Health Care Corporation Reform Act (MCL 550.1416e) to apply to *outpatient* medical services of Blue Cross and Blue Shield of Michigan.

The bills are tie-barred to one another, meaning none could take effect unless all were enacted.

FISCAL IMPACT:

The bills could potentially increase health insurance costs of the state and local governments, to the extent that there is not "parity" among insurance benefits for mental health and substance use disorders, as compared to other surgical and medical benefits for employees. (There would be similar impacts on private employers as well, although the bills wouldn't affect self-funded plans, which are exempt from state insurance regulation under the federal Employee Retirement Income Security Act). However, such increases would appear to be mitigated somewhat due to the October 2008 enactment of the federal Paul Wellstone and

Pete Domenici Mental Health Parity and Addiction Equity Act of 2008 by Congress and then-President Bush¹ Briefly, that act requires that financial requirements (deductibles, co-payments, co-insurance, and out-of-pocket expenses) and treatment limitations (frequency, number of visits, duration of coverage, or other limits on the duration of treatment) for mental health and substance use disorders be "no more restrictive" than the predominant financial requirements or treatment limitations for surgical or medical benefits covered by a health plan. (The federal law sets the minimum standard.)

A cost estimate of H.R. 1424 by the Congressional Budget Office notes that bill "would increase premiums for group health insurance by an average of about 0.4 percent, before accounting for the responses of health plans, employers, and workers to the higher premiums that would likely be charged under the bill. Those responses would include reductions in the number of employers offering insurance to their employees and in the number of employees enrolling in employer-sponsored insurance, changes in the types of health plans that are offered (including eliminating coverage for mental health benefits and/or substance benefits), and reductions in the scope of generosity of health insurance benefits, such as increased deductibles or higher copayments."² Similar impacts of mental health parity legislation on health insurance premiums have been estimated in numerous other studies³.

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.

¹ See Public Law 110-343 (H.R. 1424), Division C (Tax Extenders and Alternative Minimum Tax Relief Act of 2008), Title V (Additional Tax Relief and Other Tax Provisions), Subtitle B (Paul Wellstone and Pete Domenici Mental Health Parity Act and Addition Equity Act of 2008). The act applies to all group health plans for employers of at least 50 employees. For a concise overview of mental health parity see, *Mental Health Parity: An Overview*, Congressional Research Service, RS22958, November 19, 2008, [<http://wikileaks.org/leak/crs/RS22958.pdf>], *Mental Health Parity: Federal and State Act and Economic Impact*, Congressional Research Service, RL31657, June 19, 2008, [<http://wikileaks.org/leak/crs/RL31657.pdf>] and *The Mental Health Parity Act: A Legislative History*, Congressional Research Service, RL33820, October 29, 2008, [<http://wikileaks.org/leak/crs/RL33820.pdf>]. For a general discussion of mental health issues, see the final report of the Michigan Mental Health Commission (October 15, 2004), [http://www.michigan.gov/documents/FINAL_MHC_REPORT_PART_1_107061_7.pdf].

² See *H.R. 1424, Paul Wellstone Mental Health and Addiction Equity Act of 2007, As reported by the House Committee on Energy and Commerce on October 16, 2007, Cost Estimate*, Congressional Budget Office (November 21, 2007), [<http://www.cbo.gov/ftpdocs/88xx/doc8837/hr1424ec.pdf>]. See, also, *S. 558, Mental Health Parity Act, As reported by the Committee on Health, Education, Labor, and Pensions on February 17, 2007, Cost Estimate*, Congressional Budget Office (March 20, 2007), [<http://www.cbo.gov/ftpdocs/78xx/doc7894/s558.pdf>].

³ See, *Effects of the Vermont Mental Health and Substance Abuse Parity Law*, Department of Health and Human Services, Center for Mental Health Services, Substance Abuse and Mental Health Services Administration, DHHS Publication No. (SMA) 03-3822, [<http://download.ncadi.samhsa.gov/ken/pdf/SMA03-3822/CMHS9PRI.pdf>]. The report notes that "it is estimated that the cost of full parity in Vermont amounted to approximately \$2.32 per [Blue Cross Blue Shield Vermont] member per year, or 19 cents per member per month. As a percent of total health spending (across all types of services), the share attributable to [mental health/substance use disorder] services rose 0.17 percentage points." See, also, *Insurance Parity for Mental Health: Cost, Access, and Quality*, National Advisory Mental Health Council, June 2000, [<http://www.nimh.nih.gov/about/advisory-boards-and-groups/namhc/reports/nimh-parity.pdf>]. See, also, *Review and Evaluation of Proposed Legislation Entitled: An Active Relative to Mental Health Parity, House Bill No. 4423*, Commonwealth of Massachusetts, Executive Office of Health and Human Services, Division of Health Care Finance and Policy, [http://www.mass.gov/Eeohhs2/docs/dhcfp/r/pubs/mandates/mental_health_parity_report.pdf]. The Council for Affordable Health Insurance, however, estimates that mental health parity legislation increases health insurance premiums by 5%-10%, [http://www.cahi.org/cahi_contents/resources/pdf/HealthInsuranceMandates2009.pdf].