Mental Health and Substance Abuse Insurance Parity

Current status of mental health problems in New Hampshire, effects of new federal legislation and other states’ experiences

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Mental Health and Substance Abuse in New Hampshire
In the U.S. Adult Population...

**Mental Illnesses**

- Major Depressive Disorder: 7%
- Social Phobias: 7%
- Post Traumatic Stress Disorder: 4%
- Generalized Anxiety Disorder: 3%
- Bipolar Disorder: 3%

**Physical Illnesses**

- Heart Disease: 11%
- Diabetes: 8%
- Cancer: 7%

Health Care Spending


Substance Abuse in New Hampshire

Illicit Drugs

Used by 9% of adults in 2004 (8% in U.S.)

25.9% of NH high school students reported “current” use of marijuana.

Alcohol

Moderate use by 59% of adults in 2004

Heavy (more than 1-2 drinks) use by 16%

Heavy use by 24% of those 12+

20% of NH drug users who have a self-proclaimed need for treatment aren’t getting it.


Mental healthcare in New Hampshire

  - Shortage of psychiatric beds
  - Lack of affordable housing for mentally ill
  - Lack of jail diversion programs

Source:
   <http://www.nami.org/gtsTemplate09.cfm?Section=Grading_the_States_2009&Template=contentmanagement/contentdisplay.cfm&ContentID=74903>. 
Federal Legislation

• **H.R. 1424** (Paul Wellstone Mental Health Parity and Addiction Equity Act of 2008)
  - Mental health parity by January 1, 2010
  - Small business exemption
  - 0.4% increase in premiums for group health insurance (CBO estimate)

• **H.R. 6331** (Parity for Medicare)
  - Mental health parity for Medicare recipients

Source:
Impact on New Hampshire

• Prevalence of small businesses
• Insurance companies not mandated to provide mental health care benefits
• Insurance companies may seek exemption in the face of exorbitant costs
• Regulations by October 3, 2009

Source:
Mental Health Insurance Coverage in New Hampshire
# NH Health Insurance Coverage


<table>
<thead>
<tr>
<th>Source</th>
<th>NH %</th>
<th>US %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employer</td>
<td>65%</td>
<td>53%</td>
</tr>
<tr>
<td>Individual</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>Medicaid</td>
<td>6%</td>
<td>13%</td>
</tr>
<tr>
<td>Medicare</td>
<td>13%</td>
<td>12%</td>
</tr>
<tr>
<td>Other Public</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>Uninsured</td>
<td>11%</td>
<td>15%</td>
</tr>
</tbody>
</table>

Employer Coverage and Parity

- 65% of NH Residents
- Employer Coverage Gaps
  - Small businesses not covered
  - Substance abuse coverage is optional
- Example: Harvard Pilgrim Health Care
- Conclusion: Parity legislation will have a minimal impact on NH employers

Source:
Medicare: Overview

  – Mental health parity in Medicare by 2014
    • Co-payment reduction from 50% to 20%

• Is Substance Abuse Treatment Covered¹?
  – Yes, if:
    • 1) Medicare-participating provider or facility
    • 2) Doctor states services are medically necessary;
    • 3) Your Doctor sets up your plan of treatment

Source:
Medicaid: Overview

- 6% NH residents
- 2% cuts to NH reimbursement December 2008
- Example: West Central Behavioral Health Clinic¹
  - 72% of patients on Medicaid¹
  - Very limited funding
- Conclusion: Parity legislation will have a minimal impact on Medicaid in NH

Source:
1) Suellen Griffin, Executive Director of West Central Behavioral Health, personal communication, 3/10/09.
CHIP and NH Healthy Kids

• NHHK administers CHIP (0 → 18 yrs)\(^1\)

• All beneficiaries have MH and substance abuse (fee-for-service)
  – Max. 15 days/year for inpatient services
  – Max. 20 days/year for inpatient substance abuse services
  – Max. 20 days/year for outpatient services

• Feb 4, 2009 H.R. 2
  – Mental health Parity in CHIP
  – 4 million+ children (USA) will be eligible for CHIP coverage\(^2\)

Source:
Figure 1. Population of Children in NH <=18 Privately Insured with an Indication of Mental Health Illness

Figure 2. Mental Illness in the Medicaid Population in NH <=18 (2005 Medicaid Incurred Data)

Problems with Medicaid and Parity

• No substance abuse coverage for adult Medicaid enrollees
  – 1/5 Medicaid hospital stays is attributable to substance abuse¹
• Aging population may increase NH Medicaid enrollment

Source:
Parity Legislation: State by State

- Full – 4
  Maryland, Vermont, Connecticut, Oregon
- Partial - 3
  Indiana, Kentucky, Maine exempt small businesses
- Limited – 25 (includes New Hampshire)
  Often only cover Severe Mental Illness, exempt small/medium businesses, no substance abuse.
- Recommendation/No Law - 18
Case Study: Vermont after Parity

- Employers did not drop or lessen coverage
- Access to substance abuse treatment was more limited
- Spending for covered MH/SA services declined
- Consumers paid less for covered MH/SA treatment
- Managed care helped control costs
- Awareness of parity was relatively low
Other Case Studies – Minimal Data

• Maryland, Connecticut
  - Minimal reported changes (but lack of analysis)

• Labor Market
  - Parity did not negatively impact available jobs
  - Parity did not decrease wages

• Suicide Rates
  - Decreased suicide rates in workers aged 30-64
Case Study Lessons

• Parity laws often exempt small businesses; small businesses most common employer around the country and in NH

• All current parity legislation allows providers (insurance companies) to determine whether MH/SA treatments are medically necessary

• So, parity rarely increased costs and the costs never proved prohibitive, but parity does not usually result in greatly increased MH/SA treatments.
Conclusions

I. Understanding the limits of mental health insurance parity.
   i. Small businesses, Medicaid, self-insured, uninsured

II. Costs and benefits of investing now
   i. Government spending unpopular in current economic climate
   ii. $7.46 in societal costs saved for every $1.00 invested in mental health and substance abuse, including economic productivity

III. Importance of including substance abuse in parity

IV. Effects of new federal legislation still unclear
Recommendations

I. Expanding Medicaid substance abuse coverage

II. Maintaining funding of community mental health centers

III. Addressing the needs of the aging community

IV. Implementing an education campaign
   I. To reduce stigmatization of mental illnesses & seeking treatment
   II. To familiarize NH residents with new parity regulations and increase their likelihood to seek necessary treatment
Thank You!

Questions?