



## Parity Will Save Money and Improve Health

### Parity's return on investment: reduced costs, improved outcomes.

- Parity reduces the need for costly medical services (such as emergency room services) and improves health outcomes for people with heart disease, diabetes, cancer and other chronic diseases. A cost-benefit analysis from a range of industries found for every \$1 invested in more thorough mental health treatment, employers gained a minimum return of \$1.20 in the form of increased productivity and attendance.<sup>1</sup> Additionally, actuaries at PriceWaterhouseCoopers built a model of integrated mental health and primary and acute care that indicated that after five years the payer would realize \$5 in savings for every \$1 spent on behavioral health services.<sup>2</sup>



### Parity means minimal premium increases.

- With appropriate care management, parity results in improved protection with an increase in premium costs of less than 1 percent.<sup>3</sup> This according to numerous case studies, from a recent study by the University of Maryland School of Medicine to state studies in Alaska, Maryland, Minnesota, New Hampshire, North Carolina, Rhode Island, South Carolina, Texas and Vermont.
- A study of privately insured employers who adopted comprehensive parity plans with unlimited benefits found that even in the worst case, premiums increased by less than 1 percent due to parity.<sup>4</sup>
- Parity has worked in Ohio and Minnesota. Following Ohio's implementation of mental health parity for state employees, there was an overall savings in healthcare costs.<sup>5</sup> Minnesota has had comprehensive parity since 1995. Medica, an independent consulting organization, found that costs rose just 26 cents per member per month.<sup>6</sup>

### Parity works for small business.

- Six states—Connecticut, Maryland, Minnesota, New Mexico, Rhode Island and Vermont—have implemented parity laws for small businesses. Result: no significant cost increases, no significant rise in small businesses dropping health coverage.<sup>7</sup> In fact, the costs to business of absenteeism, lost productivity, and disability and unemployed insurance claims due to mental illness and addiction are greater than the cost of mental health parity.<sup>8</sup>

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## **Long-term study shows that parity does not increase costs.**

- The largest study of parity to date was a four-year study of the Federal Employees Health Benefits Program which has had parity since 2001. The study concluded that when parity mental health and substance abuse were implemented and managed, total healthcare costs for most of the plans did not increase beyond the increases over the same period that were observed in a matched group of health plans that did not have a parity benefit. The federal study is the largest evaluation of the addition of behavioral health parity benefit ever conducted—with 9 million employees, the federal government is the largest employer in the United States—and one of the few studies in behavioral healthcare utilization that compared parity plans with similar non-parity plans over a defined period of time. The fact that this study was conducted with the largest employer in the United States gives even greater significance to its findings.<sup>9</sup>

## **Parity works for the corporate bottom line.**

- Parity is provided to employees of national corporations including American Airlines, Black & Decker, Boeing, Compaq, Dell Computers, Delta Airlines, DuPont, Eastman Kodak, Exxon, FedEx, IBM, Pepsico, Sun Microsystems, Texas Instruments and Xerox. Employers provide generous mental and substance abuse benefits to their employees and families because they are convinced that doing so is essential to the corporate bottom line.<sup>10</sup>
- Companies in Wisconsin providing parity include Journal Communications, Inc., Aurora Healthcare, Inc., and Krueger International, Inc., among others.

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<sup>1</sup> A. Lo Sasso et al, Modeling the impact of enhanced depression treatment on workplace functioning and costs. Medical Care, 2006.

<sup>2</sup> Managed Behavioral Health News, January 2000.

<sup>3</sup> Satcher, David, M.D., Ph.D. Mental Health: A Report of the Surgeon General, 1999.

<sup>4</sup> Rand Health, 2001

<sup>5</sup> Mandated Health Benefits Advisory Commission, 2005.

<sup>6</sup> National Conference of State Legislatures, 2002.

<sup>7</sup> R. Revelle. Sr. Vice President, WA State Hospital Assn. Mental Health Parity: Summary of Costs and Savings, 2007.

<sup>8</sup> Schual-Berke, Shay. Pat Thibaudeau and Randy Revelle. Pro: End discrimination against the mentally ill. In the Seattle Times, Feb. 10, 2005. Found at: [http://seattletimes.nwsourc.com/html/opinion/2002175525\\_revelle10.html](http://seattletimes.nwsourc.com/html/opinion/2002175525_revelle10.html)

<sup>9</sup> Finch RA. Phillips K. Center for Prevention and Health Services. An Employer's Guide to Behavioral Health Services: A Roadmap and Recommendations for Evaluating, Designing, and Implementing Behavioral Health Services. Washington, DC: National Business Group on Health; 2005. Available at

[http://www.businessgrouphealth.org/pdfs/fullreport\\_behavioralhealthservices.pdf](http://www.businessgrouphealth.org/pdfs/fullreport_behavioralhealthservices.pdf)

<sup>10</sup> Report to the Office of Personnel Management, Washington Business Group on Health, 2000.