



To: Chairperson Jon Richards
Members of the Assembly Committee on Health and Healthcare Reform

From: R.J. Pirlot, Director of Legislative Relations

Date: October 28, 2009

Subject: **Opposition to Assembly Bill 512**, relating to health insurance coverage of nervous and mental disorders, alcoholism, and other drug abuse problems.

Under current law, if a group health plan covers any inpatient hospital services, the plan must pay for a minimum amount of inpatient services for the treatment of nervous and mental disorders and alcohol and other drug abuse. For inpatient services, the minimum amount of coverage is the lesser of (1) 30 days of inpatient treatment or (2) \$7,000, less any applicable cost sharing (\$6,300 if there is no cost sharing). Also under current law, if a group health plan covers any outpatient hospital services, the plan must pay for at least \$2,000 (less any applicable cost sharing; at least \$1,800 if there is no cost sharing) of outpatient services for the treatment of nervous and mental disorders and alcohol and other drug abuse. If a group health plan covers inpatient *and* outpatient hospital services, the total coverage for all types of treatment for mental health and substance abuse problems must be at least \$7,000. AB 512 would remove these mandatory minimum levels of coverage, but retain the general coverage requirements. Private, self-funded plans would not be affected.

AB 512 Will Raise Health Care Costs, Jeopardizing Affordability

Government insurance mandates inevitably lead to higher health care insurance costs, meaning employers and employees will have to pay more for health insurance coverage. As health care insurance costs go up, typically the hardest hit are Wisconsin's small businesses and their employees. Rising health care costs are already forcing Wisconsin employers to shift health care cost increases to their employees, reduce health care coverage, cut back on other benefits or wages, or a combination of the three. AB 512 will make it harder for Wisconsin employers and their employees to afford to buy health care coverage.

Four New Mandates Already Enacted, This Session

Several new healthcare insurance mandates have been signed into law, since April:

- **Autism.** The state budget, signed into law this summer, requires all commercial health plans to pay for the cost of treating autism, Asperger's syndrome, and "pervasive developmental disorder not otherwise specified." It requires coverage for treatment by a psychiatrist, psychologist, social worker licensed to practice psychology, a paraprofessional practicing under the supervision of one of the aforementioned providers, a professional working under the supervision of an outpatient mental health clinic, a speech-language pathologist, or an occupational therapist. Mandatory minimum levels of coverage will be \$50,000 for "intensive-level" services per year, with a minimum of 30 to 35 hours of care per week for a minimum of 4 years, and \$25,000 for "non-intensive-level" services per year. These mandatory minimum levels of coverage will be annually indexed for inflation. WMC is concerned enactment of AB 512 could effectively erase these mandatory minimum levels of coverage, but retain the coverage requirement.
- **Dependent Coverage.** The state budget requires all commercial health plans, if so requested by an insured, to cover an "adult child" of the insured if the child is (a) over 17 but less than 27 years old, (b) not married, (c) not eligible for the child's employer's health plan, if any, and the child's premium is not greater than under this provision.
- **Contraceptives.** The state budget requires all commercial health plans to cover (a) prescription contraceptives and (b) outpatient consultations, examinations, procedures, and medical services that are necessary to prescribe, administer, maintain, or remove a contraceptive. Under the mandate, "contraceptives" is defined as drugs or devices approved by the federal Food and Drug Administration to prevent pregnancy.

- **Hearing Aids/Cochlear Implants.** Separate legislation, also signed into law, requires all commercial health plans sold in Wisconsin to cover hearing aids and cochlear implants for deaf children under 18 years old.

Effect of These Four New Mandates on Premiums is Unknown

Except for the new hearing aid/cochlear implants mandate, the Office of Commissioner of Insurance (OCI) *has yet to release an analysis of the effect these mandates will have on insurance premiums in Wisconsin*, yet the legislature passed them and Governor Doyle signed them into law. In the case of the new hearing aid/cochlear implants mandate, an OCI analysis was released, but not until after the legislature took final action on the new mandate.

What will be the effect on Wisconsin premiums of the already-enacted mandates? Simply put, we do not know. As such, I strongly and respectfully urge you, at the very least, to delay action on AB 512 until we know what the effect will be of the already-enacted new mandates on Wisconsin health insurance premiums.

WMC is not oblivious to the negative effect, in the workplace and at home, of untreated or under-treated nervous and mental disorders and alcohol and other drug abuse problems. A number of large, self-funded Wisconsin employers, before compelled to do so by federal legislation, offered mental health benefits far above the Wisconsin minimum requirements for group plans sold in Wisconsin. And WMC has provided a forum for such employers to educate their peers regarding their experience providing such benefits. This past August, for example, our annual wellness conference featured Journal Communications and its experience implementing mental health parity into its benefit plan. Moreover, this same forum's opening keynote address was by David Shern, PhD, president and chief executive officer of Mental Health America, who discussed the effect of mental health conditions on the U.S. workforce and offered strategies to improve workers' mental health. One of the last things, though, small employers need is another new health insurance mandate. Small employers tell us they would like more flexibility in benefit design from Madison, not less.

Action Should be Delayed, At Least, Until Full Costs Are Known

In conclusion, I respectfully urge you to oppose AB 512. At the very least, I urge you to delay action on AB 512 until (1) we know how much mandates already enacted, this session, will increase Wisconsin insurance premiums and (2) how much OCI concludes AB 512 will increase Wisconsin insurance premiums.

If you have any questions or comments, please do not hesitate to contact me at 608-258-3400.