



April 13, 2010

ACTION ALERT UPDATE

Wisconsin's Office of the Commissioner of Insurance Finds that Implementing Parity will Cost only One-Half of One Percent of Premiums; Outlines Benefits

As reported earlier, the Wisconsin Assembly will vote on the *Wisconsin Parity Act* this Thursday, April 15! We have urged you to contact your Representative TODAY and tell him or her to vote to pass the *Wisconsin Parity Act* without further amendments.

Now we have additional information from the Office of the Commissioner of Insurance (OCI). OCI is required to complete a Social and Financial Impact Statement (SFIS) on bills that will impact insurance coverage. The recently released SFIS for the *Wisconsin Parity Act* supports what advocates have been saying all along: the cost of implementing parity will be minimal and the potential benefits are significant. You may wish to share this additional information in your contacts with your State Representative.

New
Parity
Report

OCI: Cost of Implementing Parity Will Be Only One-Half of One Percent of Premium

In its Social and Financial Report on Assembly Bill 512, OCI concluded that the approximate cost of implementing parity will be about .5 percent of premium. This is consistent with the most recent, authoritative, independent, expert analysis of the economic impact on private-sector employers of parity—conducted by the Congressional Budget Office and cited in federal regulations implementing the *Wellstone-Domenici Act* released February 2, 2010 by the Departments of the Treasury, Labor, and Health and Human Services—which concluded that insurance premium costs would increase by just .4 percent.

- According to OCI, the cost of implementing parity will be \$1.96 per privately insured person, per month to cover the 1.7 million Wisconsinites who have private group commercial insurance. In an industry that collects \$8 billion annually in private health insurance premiums, this small monthly premium per member amount represents .5 percent of current monthly premium costs.
- **Only a portion of this cost will be new. First, Wisconsin law already requires plans to provide at least \$7,000 in coverage per insured per year. Second, insurers are already incurring a large portion of this cost as a result of federal parity requirements of the *Wellstone-Domenici Act* that went into effect on January 1, 2010 essentially eliminating the \$7,000 coverage limitations.**

71 Percent of Wisconsinites with Mental Illness, Substance Use Disorders Lack Commercial Insurance

The OCI report also stated that of the 1.4 million adults and children in Wisconsin who have some form of mental illness, only 406,000 (29 percent) have commercial insurance. According to a 2001 report, *Wisconsin alcohol and other drug abuse prevalence*, only 117,000 out of 403,000 Wisconsinites (29 percent) who have substance use disorders have commercial insurance coverage. The *Wisconsin Parity Act* helps to close this massive gap in coverage.

We know that mental health illnesses and substance use disorders are prevalent and can impact a business's bottom line; and that these illnesses and disorders can be effectively treated and managed. Providing parity insurance coverage for those small businesses left behind by the federal *Wellstone-Domenici Act* is the first step.

Need help crafting a simple message?

Here are suggested messages to your representative. These are just suggestions—it's best to use your own words and experiences:

I'm writing/calling as a constituent to ask that you vote to pass the *Wisconsin Parity Act* (Senate Amendment 1 to SB-362) without further amendments when it is taken up by the Assembly. As you may know, the *Wisconsin Parity Act* passed the Senate on Jan. 28 with strong bipartisan support.

The Office of the Commissioner of Insurance estimates that the approximate cost of implementing parity will be about .5 percent of current monthly premium costs—\$1.96 per privately insured person, per month to cover the 1.7 million Wisconsinites who have private group commercial insurance. This is consistent with the most recent, authoritative, independent, expert analysis of the economic impact on private-sector employers of parity—conducted by the Congressional Budget Office and cited in federal regulations implementing the *Wellstone-Domenici Act* released February 2, 2010 by the Departments of the Treasury, Labor, and Health and Human Services—which concluded that insurance premium costs would increase by just .4 percent.

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The *Wisconsin Parity Act* recognizes the concerns of small business. To provide additional assurances that compliance with the legislation will not present a burden for some of Wisconsin's small businesses, the legislation includes two exemptions:

- Using language consistent with the federal *Wellstone-Domenici Act*, this exemption extends the federal cost increase exemption for large employers covered by *Wellstone-Domenici* to small employers covered by the *Wisconsin Parity Act*. This allows small Wisconsin businesses who experience a total cost increase because of parity of 2 percent in the first plan year, and 1 percent in any subsequent plan year, to opt out of the *Wisconsin Parity Act's* requirements for one plan year at a time.

- This legislation also includes an Exemption for Small Employers which will allow employers with fewer than 10 employees to opt out of complying with the parity provision for one plan year at a time. This exemption will provide the potential for relief from any overwhelming costs of compliance for this category of the “smallest” of the small employers that represent 76 percent of the total number of small Wisconsin establishments and 45 percent of the total number of workers who work for them—or 78,683 firms with 325,577 employees.
- Exercise of the Exemption for Small Employers will immediately deprive 100,000 currently insured workers and their dependents of the benefits of parity coverage for mental health and substance use disorder treatment.
- Extending the exemption to include the 10-24 worker size category of small employers under 50 will undercut the very objectives of the bill by leaving an additional 100,000 currently insured people in Wisconsin without reasonable and fair access to mental health and substance use disorder treatment.
- While protecting small businesses is important, any further amendments to this exemption would essentially undermine the objectives of the *Wisconsin Parity Act*—the closure of the mental health and substance use disorder treatment gap created by the federal *Wellstone-Domenici Act*.

With job creation Wisconsin’s number one economic priority, the *Wisconsin Parity Act* will play an important role in helping our small businesses be more competitive. Parity provides an opportunity to improve both the mental AND physical health of workers, which can lead not only to lower healthcare costs but also improved employee productivity, saving Wisconsin businesses billions of dollars annually.

Parity may, in fact, reduce overall healthcare costs, which are routinely twice as high for people living with substance use disorders and mental health illnesses. And numerous studies have shown parity to improve health outcomes for people with heart disease, diabetes, cancer and other chronic diseases.

Research has repeatedly confirmed the efficacy and cost-effectiveness of treatment for persons with mental illnesses and substance use disorders.

For these reasons I ask that you vote to pass the *Wisconsin Parity Act* without further amendments.

For more information and to download a copy of the updated *Wisconsin Parity Act* Briefing Book, visit www.ParityForWisconsin.org.