



**To:** Members of the Wisconsin State Assembly  
**From:** The New Day Coalition  
**Date:** February 11, 2010  
**Subject:** *The Wisconsin Mental Health and Substance Abuse Parity Act (Senate Substitute Amendment 1 to SB-362) Is a Pro-Jobs Bill*

With job creation Wisconsin's number one economic priority, the New Day Coalition asks for your support of the *Wisconsin Mental Health and Substance Abuse Parity Act (Senate Substitute Amendment 1 to SB-362)* when presented to you on the Assembly floor.

The *Wisconsin Parity Act*—co-sponsored by Rep. Sandy Pasch (D-Whitefish Bay) and Sen. Dave Hansen (D-Green Bay) and modeled after the federal *Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act of 2008, P.L. 110-343*<sup>1</sup>—is a pro-jobs bill that will assist Wisconsin's small businesses (providing employment to 700,000 Wisconsinites<sup>2</sup>) to be more competitive.<sup>3</sup>

This *Act* will require group health plans typically purchased by smaller employers not covered by the *Wellstone-Domenici Act* to offer mental health and substance abuse disorder insurance benefits at parity levels—equal to benefits for medical and surgical procedures. The *Act* will immediately affect the 200,000 employees of Wisconsin's small businesses currently insured under their employers' health plans, in addition to a substantial number of their spouses and dependent children. In addition, 173,000 individuals may also benefit from increased mental health and substance abuse benefit coverage if their individual policies offer such coverage under this legislation.<sup>4</sup>

As you may know, mental illness affects about one in four adults;<sup>5</sup> with drug and alcohol addiction affecting 1 in 11 Americans.<sup>6</sup> Depression tends to affect people in their prime working years and may last a lifetime if untreated. More than 80 percent of people with clinical depression can be successfully treated. With early recognition, intervention and support, most employees can overcome clinical depression and pick up where they left off.<sup>7</sup> Without treatment the consequences of mental illness for the individual and society are staggering: unnecessary disability, unemployment, substance abuse, homelessness, inappropriate incarceration, suicide and wasted lives.<sup>8</sup>

Similarly, addiction can be effectively treated. As the American Medical Society has recognized, scientific evidence has shown addiction to be a chronic, relapse-prone disease which literally changes brain chemistry. For the past 30 years, federally sponsored research has repeatedly confirmed the efficacy and cost-effectiveness of treatment to counteract the powerful effects of addiction and help patients regain control of their lives.<sup>9</sup>

By increasing coverage for treatment, however, the *Wisconsin Parity Act* will NOT lead to a dramatic increase in healthcare costs. 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 last Tuesday, February 2, by the Departments of the Treasury, Labor, and Health and Human Services—concluded that insurance premium costs would increase by just four-tenths of one percent.<sup>10</sup> In fact, the federal government anticipates that parity, when combined with medical management and managed care, will result in *lower costs* and *lower premiums*, citing studies of at least nine states: California, Maine, Maryland, Minnesota, North Carolina, Pennsylvania, Rhode Island, South Carolina and Vermont.<sup>11</sup>

Additionally, parity may provide a significant cost benefit to businesses, according to a dozen critical reviews and meta-analyses that have been conducted in the last 25 years to examine this cost-benefit question. This body of knowledge provides substantial evidence that providing mental health treatment offsets or reduces the subsequent use of medical care services and their associated healthcare and disability costs.<sup>12</sup>

For example:

- Blue Cross and Blue Shield of Minnesota, which covers more than two-thirds of the population in the state, was able to reduce its insurance premiums by five percent after one year's experience under the state's comprehensive mental health parity law in 1995 that included mental health and substance abuse.<sup>13</sup>
- Actuaries at PriceWaterhouseCoopers built a model of integrated care which indicated that after five years, the payer would realize \$5 in savings for every \$1 spent on behavioral health services.<sup>14</sup>

The *Wisconsin Parity Act* will provide Wisconsin's small businesses an opportunity to improve both the mental and physical health of its workers, which can lead not only to lower healthcare costs but also improved employee productivity.<sup>15</sup> Parity will reduce the costs associated with untreated mental illness and substance abuse totaling an estimated \$80-100 billion annually, including both direct costs, such as disability and unemployment insurance claims; and indirect costs, such as absenteeism, presenteeism and lost productivity.<sup>16</sup> A cost-benefit analysis from a range of industries found that 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>17</sup>

The *Wisconsin Parity Act* recognizes the concerns of small business. Using language consistent with federal guidelines as outlined in the federal *Wellstone-Domenici Act*, the Senate Substitute Amendment 1 to the *Wisconsin Parity Act* will allow employers with fewer than 10 employees to opt out of complying with the parity provision for one plan year at a time. The Amendment also permits larger employers who can show that parity has increased their insurance costs by two percent in the first year, and then one percent in later plan years, to opt out for one plan year at a time.

For all of these reasons we ask for your support of the *Wisconsin Mental Health and Substance Abuse Parity Act (Senate Substitute Amendment 1 to SB-362)* when presented to you on the Assembly floor.

Sincerely,

The New Day Coalition

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<sup>1</sup> *The Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act of 2008* (Division C, Title V, Subtitle B, Secs. 511-512 of The Emergency Economic Stabilization Act, H.R. 1424, P.L. 110-343) effective as of October 3, 2009, only applies to large employer (with 51 or more employees) group health plans.

<sup>2</sup> The Lewin Group, "The Wisconsin Health Plan (WHP); Estimated Cost and Coverage Impacts," Final Report, Prepared for the Wisconsin Health Project, June 4, 2007. and U.S. Department of Health and Social Services, Agency for Healthcare Research and Quality, "Medical Expenditure Panel Survey (MEPS)," Table II, State of Wisconsin, Private Sector Data by Firm Size, 2008.

<sup>3</sup> Melek, S. (2009). Preparing for parity: Investing in mental health [White Paper]. Denver, CO: Milliman. Available from: [www.milliman.com](http://www.milliman.com). As quoted in Research Works: Partnership for Workplace Mental Health (December 2009). Successful Employer Implementation of the Federal Mental Health Parity and Addiction Equity Act, page 13. Available at <http://www.workplacentalhealth.org/pdf/RWParityFinal.pdf>

<sup>4</sup> The Lewin Group.

<sup>5</sup> Kessler RC, Chiu WT, Demler O, Walters EE. Prevalence, severity, and comorbidity of twelve-month DSM-IV disorders in the National Comorbidity Survey Replication (NCS-R). *Archives of General Psychiatry*, 2005 Jun; 62(6):617-27. Per National Institute of Mental Health (<http://www.nimh.nih.gov/health/publications/the-numbers-count-mental-disorders-in-america/index.shtml>)

<sup>6</sup> National Institute on Drug Abuse Info Facts: Treatment Approaches for Drug Addiction. (<http://www.drugabuse.gov/infofacts/treatmeth.html>)

<sup>7</sup> Mental Health America. Factsheet: Depression in the Workplace. Found at: <http://www.nmha.org/index.cfm?objectid=C7DF951E-1372-4D20-C88B7DC5A2AE586D>

<sup>8</sup> Mental Health America.

<sup>9</sup> Open Society Institute-Baltimore. Tackling Drug Addiction. Found at [http://www.soros.org/initiatives/baltimore/focus\\_areas/drug\\_addiction](http://www.soros.org/initiatives/baltimore/focus_areas/drug_addiction)

<sup>10</sup> Interim Final Rules under the Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act of 2008, Federal Register/Vol. 75, No. 21/Tuesday, February 2, 2010/Rules and Regulations, Supplementary Information, Sec. IV, Economic Impact and Paperwork Burden, page 5427.

<sup>11</sup> Interim Final Rules, page 5425.

<sup>12</sup> A comprehensive list of these studies is available at Research Works, page 21.

<sup>13</sup> Bachman, R.E. (2000) Mental health parity: "Just the facts"—Actual data and experience reports. Prepared for the American Psychological Association, 2000 State Leadership conference. Atlanta, GA: PriceWaterHouseCoopers. As quoted in Research Works, page 24.

<sup>14</sup> Managed Behavioral Health News, January 2000.

<sup>15</sup> Melek, S. (2009). Preparing for parity: Investing in mental health [White Paper]. Denver, CO: Milliman. Available from: [www.milliman.com](http://www.milliman.com). As quoted in Research Works: Partnership for Workplace Mental Health (December 2009). Successful Employer Implementation of the Federal Mental Health Parity and Addiction Equity Act, page 13. Available at <http://www.workplacentalhealth.org/pdf/RWParityFinal.pdf>

<sup>16</sup> Research Works, page 14.

<sup>17</sup> A. Lo Sasso et al, Modeling the impact of enhanced depression treatment on workplace functioning and costs. Medical Care, 2006.