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MENTAL HEALTH PARITY: FACT SHEET

Perception vs. reality: Although people still distinguish “mental” from “physical” disorders, scientists know that mental and physical health are closely interrelated. And as the U.S. Surgeon General made crystal clear: mental health problems are real, readily diagnosable, and treatable. But despite abundant scientific and medical evidence, there is still widespread ignorance of the facts surrounding mental health and widespread discrimination against people with mental disorders.

Insurance discrimination: The most glaring discrimination occurs in health insurance where it is shockingly common to face unfair restrictions on needed mental health care. Insurance plans routinely set rigid, arbitrary caps on how many mental-health treatment sessions or days of hospital care they will cover – regardless of medical need. As a result, people are often denied needed care, at times with tragic consequences. And those who “get in the door,” face far higher out-of-pocket costs than for treatment of any other illness. These practices are not only unfair, they discourage people from seeking needed help, while reinforcing stigma.

In 1996, Congress enacted legislation in response to the problem, but its action represents only a first step toward ending discriminatory health-insurance practices. That law, the Mental Health Parity Act of 1996 established the principle that mental health benefits should be “on par” with medical and surgical benefits but the law only bars annual or lifetime dollar limits on mental health care that are stricter than on other medical or surgical care.

The Problem: The 1996 parity law established an important principle, but because of its very limited scope – outlawing only one of many discriminatory practices -- it has failed to produce fundamental change. Today, health insurance plans routinely limit mental health benefits much more severely than other medical coverage, most often by restricting the number of covered outpatient visits and hospital days, and by imposing higher out-of-pocket costs on mental health care. Because of these artificial insurance barriers, many families are unable to get or afford needed mental health treatment for loved ones, despite otherwise having what they consider “good insurance coverage.” The results are too often tragic. The lack of real protection under current law, and the loss of life and health attributable to insurance barriers make it critical that Congress take up and enact a comprehensive mental health parity law.

The Solution -- Legislation to provide full parity:

The Senator Paul Wellstone Mental Health Equitable Treatment Act In both the 107th and 108th Congress, legislation to end insurance discrimination against people with mental disorders has won broad bipartisan support in both the Senate and House, yet failed to win enactment. Such “mental health parity” legislation would close the loopholes in current law to prohibit group health insurance plans from imposing treatment limitations or financial

requirements on mental health coverage if there are not comparable limits on medical and surgical benefits. Small and mid-sized businesses (50 or fewer employees) would be exempt. This legislation (for the 108th Congress, see S. 486, introduced by Senators Pete Domenici (R-NM) and Ted Kennedy (D-MA) and H.R. 953, by Reps. Patrick Kennedy (D-RI) and Jim Ramstad (R-MN)) would have provided the same insurance protections for people with mental illness as Members of Congress and other federal employees enjoy under the Federal Employees Health Benefits Plan. More than 360 organizations nationally have supported this legislation.

Opponents have responded to parity legislation with a series of myths, including:

Myth 1. Parity legislation is unduly restrictive.

Reality. In fact, the legislation gives employers great latitude to design coverage and contain costs, specifying that they are not required to provide (1) mental health benefits; (2) coverage unless services are medically necessary; (3) get to define what constitutes medically necessary treatment; (4) are free to employ managed care techniques; (4) parity for out-of-network services; or (specific mental health services. While establishing basic protections against discriminatory barriers, the bill also protects employers from unreasonable mandates, costs, or burdens.

Myth 2. Parity legislation will lead to overutilization of mental health benefits.

Reality. The Federal government, citing a “growing body of research and actual industry experiences,” found that parity laws have only a small effect on premiums due primarily to careful management of mental health services. S. 486 and H.R. 953 made it crystal clear that health plans can use a full range of managed care techniques to prevent overuse of benefits.

Myth 3. Parity will be too costly.

Reality. The Congressional Budget Office (CBO) projected that enacting the parity bill would have resulted in premium increases of less than 1%. Experience in states that have passed parity laws closely mirrors that projection. The Federal government found the claim that parity is too costly and would result in fewer people having insurance as an “apparent myth.”

Opponents ignore the data on how little parity costs and the reality that workers with untreated or undertreated mental illness cost businesses and taxpayers an estimated \$79 billion each year due to lost productivity, unemployment, increased medical costs, and social welfare costs.

Action Needed: The 109th Congress must make passage of a comprehensive mental health parity bill a high priority.