SENATE BILL REPORT
SB 5211

As Reported By Senate Committee On:
Health & Long-Term Care, February 27, 2001
Ways & Means, March 8, 2001

Title: An act relating to comparable mental health benefits.

Brief Description: Requiring comparable mental health benefits.

Sponsors: Senators Thibaudeau, Long, Spanel, Winsley, B. Sheldon, Swecker, Fraser, Kohl-Welles, Kline, Carlson, Eide, Rasmussen, Fairley, McCaslin, Franklin, Haugen, Oke, Costa, McAuliffe, Prentice, Jacobsen, Constantine and Regala.

Brief History:
Committee Activity: Health & Long-Term Care: 1/25/01, 2/27/01 [DPS].
Ways & Means: 3/7/01, 3/8/01 [DPS (HEA), DNP].

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Majority Report: That Substitute Senate Bill No. 5211 be substituted therefor, and the substitute bill do pass.
Signed by Senators Thibaudeau, Chair; Franklin, Vice Chair; Costa, Deccio, Fraser and Winsley.

Staff: Jonathan Seib (786-7427)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5211 as recommended by Committee on Health & Long-Term Care be substituted therefor, and the substitute bill do pass.
Signed by Senators Brown, Chair; Constantine, Vice Chair; Fairley, Vice Chair; Fraser, Kline, Kohl-Welles, Long, Rasmussen, Regala, B. Sheldon, Snyder, Spanel, Thibaudeau and Winsley.

Minority Report: Do not pass.
Signed by Senator Zarelli.

Staff: Pete Cutler (786-7454)

Background: Current Washington law does not require health carriers to include mental health coverage in any benefit plan. If a carrier nonetheless chooses to include such coverage, the law does not mandate a specific benefit level. The law does require that carriers providing group coverage to employers offer coverage for mental health, but the coverage can be waived by the employer. Where provided, most plans generally limit inpatient mental health coverage to a specified number of days, and outpatient coverage to

a specified number of visits. These limitations are not usually imposed on other medical care.

The federal Mental Health Parity Act (MHPA) took effect on January 1, 1998, and will sunset on September 31, 2001. Under the MHPA, businesses with more than 50 employees that choose to offer mental health benefits may not impose annual or lifetime dollar limits on those benefits that are lower than the limits set for the medical and surgical benefits that they provide. Cost sharing requirements, and limits on the number of visits or days of coverage, may still vary from other coverage. The requirements of the MHPA do not apply where they would increase costs to a business by more than one percent.

The administrator of the state's Basic Health Plan (BHP) is authorized to offer mental health services under BHP as long as those services, along with chemical dependency and organ transplant services, do not increase the actuarial value of BHP benefits by more than 5 percent. Currently, inpatient care is covered in full up to ten days per calender year, and outpatient care is covered in full up to 12 visits per year.

The Public Employee Benefits Board provides health coverage to state employees through both managed care plans and the fee-for-service based Uniform Medical Plan. For all state employee plans, inpatient mental health care is currently paid at 80 percent for up to ten days per year, and outpatient services are paid at 50 percent for up to 20 visits per year.

Reflecting concerns that health insurance generally fails to cover mental health services to the same extent as other health care services, state legislation was introduced in 1998 calling for coverage parity. The legislation was referred to the Department of Health for review under the mandated health benefits review process set forth in statute. The Department of Health issued its final report in November 1998. The report analyzed the efficacy of the mandate, and its social and financial impact, and recommended that the legislation be enacted.

Summary of Substitute Bill: A health insurance plan that provides coverage for medical and surgical services must provide, for any covered dependant other than a spouse or domestic partner: (1) mental health services for a minimum of 15 inpatient days and 30 outpatient therapy visits per plan year; and (2) prescription drugs to treat mental disorders. The copay or coinsurance for inpatient days or outpatient visits may be no more than the copay or coinsurance for an inpatient day or outpatient visit for medical and surgical services otherwise provided under the plan. If the plan imposes a deductible, it must be a single deductible for medical, surgical, and mental health services. Prescription drugs must be covered to the same extent, and under the same term and conditions, as other prescription drugs covered by the plan.

"Mental health services" is defined to include services to treat any disorders listed in the current version of the diagnostic and statistical manual of mental disorders, except V codes and codes defining substance abuse disorders.

The act applies to the Uniform Medical Plan, and to private plans for groups of 25 or more.

Current laws mandating the offering of supplemental mental health coverage by insurers are amended to reflect the new requirements of the act.

The Insurance Commissioner is explicitly authorized to adopt rules implementing the act.

Any increase in the cost of plans offered by the Public Employee Benefits Board due to implementation of the act will not be paid by the state. Rather, they are to be absorbed through other changes in the benefit design or enrollee cost-sharing, as determined by the board.

Any increase in the cost of plans offered by a private employer due to implementation of the act need not be paid for by the employer, but may be absorbed through other changes in the plan's benefit design or enrollee cost-sharing.

Substitute Bill Compared to Original Bill: The substitute bill applies the mandate only to dependents other than spouses or domestic partners, not all enrollees. It requires coverage of a minimum number of visits and inpatient days, and parity with regard to co-pays and deductibles, but not general parity. It does not apply to the Basic Health Plan. A single effective date is established, and a phase-in as to groups between 25 and 50 is eliminated. The substitute bill also adds language regarding rule-making, and the language with regard to how the mandated services are to be paid for.

Appropriation: None.

Fiscal Note: Available on original bill.

Effective Date: January 1, 2002.

Testimony For (Health & Long-Term Care): The current situation with regard to mental health coverage by insurers is inequitable. This bill is the right thing to do. The stigma of mental illness is difficult to overcome. This bill will help overcome that stigma. A significant number of other states have adopted mental health parity laws. This bill puts emphasis on early intervention and treatment, which will help avoid more significant problems, both physical and mental. It does not make sense that some kids have to wait until they are arrested before they get mental health treatment.

Testimony Against (Health & Long-Term Care): Mandating benefits, regardless of their merits, will increase the cost of health coverage in an already volatile market. These increased costs will mean some will not be able to afford any coverage at all. Decisions about coverage are best left to the purchaser. The predictability of cost with mental health benefits is also an issue.

Testified (Health & Long-Term Care): PRO: Lucy Homans, Washington State Psychological Association; Randy Revelle, Washington State Hospital Association; Amy Belko, Washington State Medical Association; Tom Richardson, NAMI; Sheril Bechard; Grace Popoff; Phil Jordan, Washington Protection and Advocacy System; Rhonda McKinn, Washington State PTA; Courtney Rodriquez; Christie Perkins, Washington State Special Education Coalition; Andrea Stephenson, Empower Alliance; Eleanor Owen, WAMI; Susan Eastgard, Washington State Youth Suicide Prevention Program; Jim Legaz, Washington Catholic Conference; Don Sloma, State Board of Health; CON: Mel Sorenson, Employee Healthcare Coalition; Gary Smith, Independent Business Association; Richard Warner,

Citizens Commission on Human Rights; Mimi Haley, Association of Washington Healthcare Plans; Jim Halstrom, SMBA.

Testimony For (Ways & Means): Many children who need mental health care do not receive that care because they are not covered by health plans that provide for adequate access to mental health services. Treatments for mental health care should be funded on the same basis as medical and surgical care. Future costs can be avoided if children have access to needed mental health care services. The cost of this bill is about $2 per month per employee for the PEBB plans; the bill requires that the costs not be paid by the state, but instead be funded by changes in PEBB benefits or increased cost-sharing by employees. Private employers may impose similar requirements.

Testimony Against (Ways & Means): This bill would further increase the cost of health insurance for small businesses, many of whom may not be able to afford their current plans. It could lead to employers deciding not to offer health insurance at all, or making reductions in the medical benefits coverage. The bill will promote even more widespread use of prescription drugs among children to address problems that would be addressed better by other treatments or interventions. State employee premiums will increase in 2002 under the Governor's budget proposal; this could result in higher increases. The state should fund the benefit rather than requiring the PEBB to reduce benefits or increase employee cost-sharing.

Testified (Ways & Means): PRO: Lucy Homans (PAWaS); Susie Tracy (MAWaS); Carol Taylor Cann (WaSPTA); Phil Jordan (WaP); Jim Legaz (Catholic Conference); Donna Obermeyer (WaSSEC); Brad Boswell (NAMI); Andrea Stephens (Empower Alliance); CON/CONCERNS: Lynn McKinnon (WPEA); Gary Smith (IBA); Richard Warner (CCHR); Mel Sorasen (EHC).