

Senate Health Policy Committee – May 31, 2006
Testimony of the Mental Health Association in Michigan

Senator Hammerstrom and Members of the Committee,

I'm Mark Reinstein, President & CEO of the Mental Health Association in Michigan, the state's oldest advocacy organization for persons experiencing mental illness. I was also a member of Governor Granholm's Mental Health Commission. Thank you for the opportunity to provide comment on Senate Bills 229 and 230.

The Senate Health Policy Committee has encountered a great deal of information about mental health insurance parity. That information overwhelmingly points to the value of having parity legislation – for consumers, families, taxpayer-supported services, the public-at-large and, Yes, even businesses.

I have seen many times, including within my own family, the great pain that mental illness can cause. It is morally, economically and medically wrong to compound personal and familial suffering with overbearing financial burdens and messages that those with mental illness are less worthy and important than other people.

The lack of parity is unacceptable discrimination against persons experiencing brain disorders. This dwarfs every other issue involved with parity, including the so-called "mandate" issue. And it's critical to note in this regard that the substitute bills Senator Hammerstrom has ready do not require an employer to offer mental health coverage. They simply prevent discrimination against mental illness if the employer elects to cover mental health.

We know that ending this discrimination, and enabling individuals and families to seek and receive treatment, has minuscule costs. As noted actuary Ronald Bachman has told this committee, "Actual experience, economic forecasting and actuarial projections indicate that the [mental health parity] cost debate is over. How many studies are needed to prove the point?" The latest in the mountain of evidence on the cost debate being over is the recent study of 9 million federal employees who have had parity since 2001. This showed that employees' out-of-pocket costs decreased significantly without any increase in health plan costs.

We know that 39 other states have parity law; that the federal government and its actuarial experts have categorized 26 of these as having "comprehensive parity statutes"; and that no state has ever seen the need to repeal parity law. On the contrary, several states have strengthened it over time.

We know that lack of parity adds to the burden of the public mental health sector. The Department of Community Health reports that in FY-04, about 17,000 Community Mental Health mental illness clients (more than 11% of such clients statewide) had some manner of private health insurance. At the average CMH expenditure of roughly \$4,500 per person with mental illness, the CMH system would have spent over \$75 million on

these individuals in FY-04. The state where this has been most extensively studied is North Carolina. The conclusion was that the cessation of mental health coverage for adults who otherwise had private insurance – and the transference of mental health responsibility for them to the public sector – carried an annual cost of \$54 million dollars to Community Mental Health programs in North Carolina.

We know that the people of Michigan are strongly behind parity. When we polled state voters in 2000 and in 2001, 83% favored parity law for our state. This included 90% support from labor households and 82% support from small business households.

We know there isn't any reliable evidence that parity legislation causes employees to lose other benefits or be dropped from health insurance coverage. In fact, when this was recently studied post-parity in Vermont, half the employers surveyed didn't even know that a state parity law existed, and among those who did know, the vast majority was satisfied with it.

We know that the negligible direct cost of parity is more than offset by increased employee productivity; decreased absenteeism; less use of emergency rooms and medical resources; and other benefits to employers and society. The research literature is filled with studies documenting the billions of dollars that untreated or inadequately treated mental illness costs the business community. In lamenting those lost billions, the American Chamber of Commerce executives wrote, "Despite the obvious need for treatment, only one in four people affected receive [it]. Why?" I think all of us here today have one of the answers to that question.

We know that several studies suggest children are the hardest-hit age group when it comes to inaccessibility of services due to lack of parity.

We know that Governor Granholm's Mental Health Commission overwhelmingly recommended parity law for Michigan, and we agree entirely with the Governor's assertion in her 2006 State of the State address that "it is as important to cover mental health as it is physical health."

We know that parity is the right thing to do; the only thing to do. My son inherited his mother's Major Depression. Like hundreds of thousands of Michigan families, we've encountered great difficulties due to mental illness. Lack of parity has been part of that mix. If my son someday has a child with mental illness, I hope and pray a better world is waiting. We can take an important step toward that better world today. There is no good reason to avoid that step. There is every good reason to take it.

Thank you for your thoughtful attention and your consideration of these bills.