

CENTER FOR HEALTH POLICY RESEARCH

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The logo for Oklahoma State University (OSU) is displayed in white text on a dark red background. The letters 'O', 'S', and 'U' are large and stylized, with a small triangle inside the 'O'.

HEALTH & MEDICINE LETTER



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• SURVEY RESULTS • PARITY FOR SEVERE MENTAL ILLNESS



A LOOK INSIDE

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Mental health parity legislation passed both houses of the Oklahoma legislature in both 1997 and 1998. It was vetoed by the Governor in both years. The veto was not overridden. One reason for the veto seems to be that some elements of the business sector either were vocally opposed or noticeably silent.

The essence of the state proposal was to require that all businesses over 50 employees provide parity in certain mental health benefits, and coverage for them equal to that for the plan's physical illnesses. The proposed legislation postulates that these selected severe mental illnesses are, in fact, physical illnesses of the brain and/or central nervous system.

Several unknowns existed. One was if any health insurance premium increase was likely. Another concerned the opinions and perspectives of those providing the group benefits ... the employers of Oklahoma.

Our Center for Health Policy Research published an analysis of mental health parity (MHP) legislation in September 1998. The analysis was to examine MHP legislative and policy activity at both the federal and state levels. That brief helped normalize the issue for discussion purposes in Oklahoma.

Many Oklahomans have recently worked together to re-address this issue in Oklahoma. Chambers of Commerce, community leaders, mental health advocates, elected officials and others have all contributed their perspectives.

It is clear that regardless of past legislative history, the Governor is open to addressing the inequities, particularly if business can be protected against unreasonable or unforeseen increases in premium cost, and if coverages can be limited to a clinically defined set.

This survey was developed in order to better understand the role of mental health parity in the workplace.

It represents the voluntary responses of Oklahoma companies.

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• WE CONCLUDE •

... the required parity (per federal legislation) does not seem to be causing significant concern or harm ... and a majority (90%) of Oklahoma business is either supportive, neutral or have no opinion concerning state level mental health parity legislation ...

Essential Elements Sep 98 Mental Health Parity Policy Brief

Associated Costs

In fairness, the associated costs of including SMI in health plans, and covering them in parity with other benefits, are unknown. Parity has only been in effect in a handful of states. Those states do not report significant cost increases.

A search of the literature indicated that there is no empirical data showing resultant health insurance premium cost increases due to SMI coverage.

In all hypothetical models, managed care programs show the least risk of cost increases; and in most cases, the risk is virtually non-existent.

Oklahoma Data

The most available Oklahoma-specific data was provided by a major insurer. An analysis of claims submitted and paid indicated that SMI is only small portion of the overall plan expenses... about 0.1% - 0.2% of expense.

It is said that the date provided was prior to the federal parity mandate. That fact notwithstanding, it is apparent that most Oklahoma businesses were covering SMI, just not to parity levels.

The same insurer could not identify a single policyholder that exceeded existing limits; therefore a mandated increase of coverage would seem a moot point.

The brief also provided significant data showing that a significant portion of services for the SMI are provided by general physicians as opposed to mental health specialists.

The same data indicates that Oklahoma insurers receive claims for psychotherapeutic drugs in significant amounts.

Summary

- Management of care is important
- There is a minimal risk of premium increases
- Care would be appropriately redirected
- Some inequities would be addressed
- Local priorities would be addressed

Analysis Nov 98 Mental Health Parity Survey

The survey (see page 3) was mailed to about 770 Oklahoma businesses with names provided by the Oklahoma State Chamber of Commerce. There were 154 responses for a response rate of 20%.

Profile of Respondents

The respondents represented approximately 60,000 - 75,000 employees in Oklahoma; the majority of the respondents (56%) reported to be "self-insured"; most respondents (88%) have been in business over 10 years; most respondents were either self-insured or in some form of managed care plan; and almost all (93%) reported providing mental health benefits

Opinions Toward Mental Health Parity

Two out of three respondents (63%) reported neutrality or no opinion; about 27% reported they would support a bill; 10% reported they would not support a bill.

General Findings

Most companies have provided mental health coverage for more than 5 years; 80% reported covering severe mental illnesses; and the Federal law had no noticeable impact upon most respondents. About 14% reported premium increases.

Most respondents reported that MH benefits were a minor or unknown portion of the risk portfolio; and less than one in five respondents (18%) reported increased utilization, cost and benefits; and less than one in four reported increased utilization in the last 12 months.

Summary

Mental health benefits are significantly covered by Oklahoma businesses today; and per federal law, all businesses over 50 employees are now providing "parity" per federal regulation. The federally required parity does not seem to be causing significant concern or harm; and the issue does not seem to be a significant one for Oklahoma business.

A majority (90%) of Oklahoma business is either supportive, neutral or has no opinion concerning state level mental health parity legislation.

Responses Mental Health Parity Questionnaire

This is an exact replica of the questionnaire distributed November 1999. The absolute number of responses to each question are indicated on the left. Some are accompanied by a calculated percentage. The data are presented for open disclosure, further analysis and individual interpretation.

1. Name of your organization:

2. Number of employees:

17	(11%)	Under 50
23	(15%)	50-99
27	(18%)	100-200
42	(27%)	200-500
25	(17%)	500 - 1,000
18	(11%)	Over 1,000

3. Is your group health plan a "self-insured plan" protected by ERISA provisions?

84	(56%)	Yes
60	(41%)	No
5	(3%)	Do not know

4. How long have you been in business?

0	Less than 1 year
12	Less than 5 years
6	Less than 10 years
134	More than 10 years

5. What type of group health care plan do you provide for your employees (check all that apply)?

28	Indemnity
119	PPO
67	HMO
64	Self-Insured
8	Other

6. What insurance company is serving your employees (indicate all that apply)?

Indemnity
HMO
PPO
Self-Insured
Other

7. Does your group health plan provide mental health coverage and benefits?

140	Yes
6	No
4	Do not know

If Yes, please describe the dollar and visit limits of coverage.

8. The Oklahoma Mental Health Parity Bill of 1998 would have [1] required that all Oklahoma businesses (over 50 employees) provide coverage for "severe and biologically-based mental disorders (schizophrenia, major depressive disorder, schizoaffective disorder, panic disorder, obsessive compulsive disorder, and bipolar disorder) and [2] allowed any company demonstrating a resultant 3% increase in premiums to be exempt".

What position would your company have taken?

38	(27%)	We would have SUPPORTED such a bill
15	(10%)	We would have OPPOSED such a bill
24	(17%)	We would have been NEUTRAL
66	(46%)	Do not know

If your plan does not provide mental health benefits (question 7) ... STOP here. OVER for Questions 9-15

9. How long have mental health benefits been provided?

3	Less than 1 year
21	Less than 5 years
14	Less than 10 years
59	More than 10 years
43	Do not know

10. How have your mental health benefits/utilization/cost changed in the last 12 months (check all that apply):

24	Increased benefits
23	Increased utilization
25	Increased cost
8	Decreased benefits
2	Decreased utilization
0	Decreased cost
47	No change in benefits
27	No change in utilization
34	No change in cost
47	Do not know

11. Do you believe that your company experiences lower absenteeism as a result of offering mental health coverage:

16	Yes
68	No
56	Do not know

12. What has been the effect upon your total health insurance premiums attributable to compliance with the federal mental health parity legislation.

20	Premiums increased
0	Premiums decreased
50	Premiums did not change
9	The federal law does not apply to our organization
58	Do not know

If premiums were increased or decreased, what has been the approximate percentage?

4	Less than 1%
9	Between 1 and 5%
7	Between 5 and 10%
3	Greater than 10%
16	Do not know

13. What proportion of your total health insurance expense is attributable to mental disorders?

19	Less than 1%
28	Between 1 and 5%
5	Between 5 and 10%
4	Greater than 10%
81	Do not know

14. What types of mental disorders does your plan cover (check all that apply):

112	Biologically-based (schizophrenia, major depressive disorder, schizoaffective disorder, panic disorder, obsessive compulsive disorder, bipolar disorder)
107	Other mental/nervous health disorders
111	Chemical dependency
108	Alcohol abuse
15	Do not know

15. Have you noticed a difference in your mental health benefits utilization in the past 12 months:

33	Increased utilization
2	Decreased utilization
51	No change in utilization
50	Do not know

Self-identified Respondents Mental Health Parity Survey

A Chance to Change Foundation
 AAR Aircraft Services - Oklahoma
 Acme Engineering & Manuf Corp.
 Aeromet, Inc.
 Air X-Changers
 American Red Cross-SW Reg
 Applied Intelligence Group, a Netplex Company
 ATC Freightliner Group
 Audio Innovations Inc.
 Autocraft Industries
 Badger Meter
 Baker Oil Tools
 Bank of Oklahoma
 Blue Circle
 Bullock & Company
 Cains Coffee
 Cameron Glass, Inc.
 Cardiology Clinic of Muskogee, Inc.
 Central National Bank/Central Service Corp.
 Century Incorporated
 Chandler (USA), Inc.
 Cher A. Bumps & Associates
 Chesapeake Energy Corporation
 Cintas Corp
 City of Ardmore
 City of Broken Arrow
 City of Oklahoma City
 City of Sand Springs
 City of Shawnee
 Competitive Edge, Inc.
 Continental Resources, Inc.
 Cooper Cameron
 Corestaff Services
 Devon Energy Corporation
 Dollar Rent A Car
 Dow Personnel, Inc.
 Edwin Fair Community Mental Health Center, Inc.
 Employees Benefits Council - State of Oklahoma
 Enid Group Homes
 F & M Bank & Trust Co
 Favoritz Brands
 Fairview Fellowship Home
 First Capital Corporation
 First Data Corporation
 First Fidelity Bank
 FKW, Inc.
 Foodbrands American Inc
 Francis Tuttle Voc-Tech Center
 Green Country Behavioral Health Services, Inc.
 Griffin Holdings, Inc.
 Gulfstream Aerospace Technologies
 Hall, Estill, Hardwick, Gable, Golden & Nelson, P.C.
 Hamm & Phillips
 Hillcrest Health Center
 Hillcrest Healthcare System
 Hollytex Carpet Mills
 Hunzicker Brothers, Inc.
 Integris Bass Baptist Health Center
 Kouss & Assoc Inc.
 Laio Back Ent.
 Loar Siegler Services, Inc.
 Love Bottling Company
 Manor Care Health Services
 May's Drug Stores, Inc.
 Melton Truck Lines, Inc.
 MerCruiser
 Mid America Bible College
 MultiMedia Cablevision
 Muskogee Daily Phoenix - A Gannett Co Subsidiary
 Muskogee FCU
 National-Standard Company
 Noble Co DHS
 Ok Dept Vocational-Tech Ed
 Oklahoma Farmers Union
 Oklahoma Goodwill Ind.
 Oklahoma Housing Finance
 Oklahoma Medical Research Foundation
 Oklahoma State & Education Employees Group Insurance Board
 Oklahoma Temporary Service, Inc.
 ONEOK, Inc.
 OSU-COM
 Parkside, Inc.
 PennWell Publishing
 Phillips Petroleum Company
 Prudential HealthCare
 Reasor's Inc.
 Red Rock Behavioral Health Services
 Rees Associates Inc.
 Ren Corporation
 Rio Albon Mining Corp
 Rogers University
 Safety Training Systems, Inc.
 Samson Investment Co
 Security National Bank
 Staf * Tek
 Stan Clark Cos. Inc.
 Stillwater Chamber of Commerce
 Stillwater Milling Company
 Stillwater News Press
 Taco Mayo
 TDK Ferrites Corp.
 Terex Mining
 The Charles Machine Works, Inc.
 The Crosby Group
 The Cummins Construction Company, Inc.
 The Fred Jones Companies, Inc.
 The Oklahoma Foundation for Medical Quality
 Thrifty Office Supply Inc.
 Thrifty Rent-A-Car System, Inc.
 Tower Realty Group Inc.
 Tulsa City/County Health Dept
 Tulsa Regional Medical Center
 Tulsa Speech & Hearing Assoc
 Tulsa Temps
 Turner Bros. Trucking
 Vogt-NEM, Inc.
 Williams
 Zapata Ind.
 36 additional unidentified respondents