

Seizing Opportunities in the Mental Health Parity Act

White Paper



Written by the Benefit Experts at **eni**

eni is an industry leading employee benefits solution provider.

We specialize in Total Wellbeing Solutions designed to better your employees' experience and increase overall ROI for your largest investment, your team.

Key Facts about the Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act of 2008

- **Requires health insurers** to offer mental health benefits equal in cost and scope to medical and surgical benefits.
- **Prevents insurers from** charging higher deductibles, co-payments, coinsurance or out-of-pocket expenses, or imposing limits including frequency of treatment, number of visits and days of coverage or imposing lower reimbursement ceilings for mental health and addiction conditions.
- **Does not require** or force health plan providers to give mental health coverage but will make those that offer benefits for mental illness and substance addiction treatment to do so on the same terms as medical and surgical care.
- **Applies to organizations** with 50 or more employees.
- **Goes into effect** January 1, 2010.

With the passage of the Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act of 2008, many employers and health plan administrators are wondering what the ramifications will be, and how they can manage higher costs for mental health and addiction benefits.

As a leading provider of EAP benefits, eni is well acquainted with these concerns. Nationwide, our clients are doing more with fewer resources. We believe that, with a robust EAP program, employers will be able to not only meet the requirements of the legislation, but go further and use it as an opportunity to streamline healthcare expenses.

The Background



The Wellstone Domenici act was signed by President George W. Bush in October 2008 as part of the Emergency Economic Stabilization act of 2008. The Act calls for mental health and addiction treatment benefits to be as accessible and as affordable as medical and surgical benefits.

The legislation was a bipartisan effort of the recently deceased Sen. Paul Wellstone (D-Minn.) and Sen. Pete Domenici (R-N.M.) who initially teamed in 1996 to co-sponsor the bill.

A key feature of the legislation is that it sets a solid standard for mental health and addiction care parity without overriding state laws. Because health insurance regulations vary wildly from state to state, this bill sets a minimum standard for

mental health care parity without undermining more stringent regulations in states that have them.

The 2008 Parity Act also supports federal regulations, such as HIPAA, and generally allows more consumer-protective state-based parity requirements to continue to apply to state-regulated health insurance products and areas not preempted by the Employee Retirement Income Security Act (ERISA).

The Challenges and Fears



Employers and benefits administrators naturally worry that these regulations will mean higher costs. The timing couldn't be worse with a tumultuous economy and uncertain future looming over everyone's bottom lines. Because the legislation does

not mandate offering mental health coverage, estimates show that as many as 5 percent of companies may react to this legislation by dropping mental health coverage altogether, rather than finding ways to make the coverage comparable to medical coverage.

Human resource departments across the country are grappling with job losses, increased COBRA utilization, and time-consuming annual shifts in benefits providers. As baby-boomers age, health care costs are rising, and as the economy continues to suffer, all employees are growing more anxious and even depressed.

In short, we seem to be finding ourselves preparing for a perfect storm with sky-rocketing costs for benefits that cover both physical and mental health. Is there any good news?

The Opportunities



Research shows that proper design and management of EAP benefits and/or managed behavioral health programs have been remarkably successful at reducing not only the cost of mental health and addiction services, but also at reducing excessive or ineffective spending on physical health care.

According to the Centers for Disease Control, it's estimated that as many as 50 percent of all Americans will experience a diagnosable mental health concern at some point in their lives. Without access to effective mental health care, many employees who experience a mental health issue may seek no treatment at all, which can lead to greater problems of physical illness and substance abuse. Or they may seek treatment from a primary care provider who is not educated or skilled in treating mental

health problems. Either way, the results are higher healthcare costs, as well as the possibility of higher indirect costs as a result of absenteeism and presenteeism of workers who are distracted, unmotivated, and unproductive.

A well-coordinated EAP provider can be a company's best ally in terms of preventing and managing these costs. EAPs focus heavily on prevention, of not only physical ailments, but mental health and substance use issues as well. By implementing an engaging, pro-active program, EAPs can lower a company's healthcare utilization costs across the board.

A well-designed EAP service provider will employ a staff of skilled mental health professionals to conduct thorough, confidential screenings when employees seek mental health and addiction treatment services. Acting as gatekeepers, EAP professionals can identify issues sooner, suggest pro-active approaches and, as a result, reduce company costs. For companies that choose to discontinue mental health benefits, an EAP with a rich and comprehensive work/life program (e.g. 8 instead of 3 sessions, for instance) can provide employees at least a measure of mental health care.

Perhaps the most important role that a well-managed EAP plays is as a strategic partner to both organization and individual employees' wellness initiatives. We have found that, with a highly engaging and customizable program, employee participation skyrockets, productivity increases, and organizations get a clear picture of risk factors. By removing the guesswork and conjecture from the process of choosing benefits, every dollar is spent the most efficiently.

If you would like more information about **NexGen EAP**, a holistic, total wellbeing solution, contact **eni** at 888.331.4364.

