

Coalition for Fairness in Mental Illness Coverage

Findings of the U.S. General Accounting Office: Access to Mental Health Services Remains Limited Despite Compliance

Findings indicate that 86% of employers comply with the federal parity requirements set forth in the Mental Health Parity Act of 1996, which prevents employer-sponsored health plans from imposing lifetime and annual dollar limits on mental health benefits that differ from those imposed on medical/surgical benefits. However, the scope of this Act is narrow. It does not apply to individuals outside of a group plan, plans with 50 or fewer employees, or plans whose claims costs have increased at least 1% due to compliance. Also, additional loopholes remain that enable employers to restrict employee mental health coverage. These restrictions arise out of an unsubstantiated fear of higher costs and the attraction of high-risk individuals.

Despite a high percentage of compliance, employers continue to limit their mental health benefits. More specifically, 87% of those who comply end up restricting other mental health services in their health plans. In other words, the majority of employers who alter their benefits to achieve parity in annual/lifetime dollar limits *restrict another mental health benefit* to counteract feared cost increases due to compliance. Most prevalent are restrictions on the number of hospital days and outpatient visits, as well as higher copayments and deductibles.

Initial concerns that the 1996 Act would increase claims costs by more than 1% seem to be unconfirmed. In fact, GAO findings support past estimates that implementing federal parity for dollar limits would have a *negligible* effect on claims costs (premium increases were estimated at 0.16% and 0.12% by CBO and Coopers & Lybrand, respectively). Of the employers aware of how compliance affects their claims costs, *over 90% report no increases*. Furthermore, less than 1% of responding employers actually dropped coverage of mental health benefits after federal parity was enacted, possibly indicating unsubstantiated concern for increased costs.

Several states have already enacted parity laws that exceed the federal parity requirements. In addition to requiring dollar limit parity, these more comprehensive laws may also require parity in service limits and cost-sharing provisions and mandate the inclusion of mental health benefits in group health plans. Premium cost increases for *full parity* are estimated to be between 2% and 4%, both nationally and for individual states.

Loopholes and limited scope of the Mental Health Parity Act of 1996 continue to impede overall access to mental health services. The Act affects only lifetime/annual dollar limits, placing no restrictions on any other plan benefits. This continues the trend of consistently lower levels of coverage for mental health benefits than for surgical/medical benefits. Furthermore, a significant minority (14%) of employers do not comply with federal parity law. The existing federal parity requirements most often produce only minor changes in mental health benefits.

Source: “*Compliance with the Mental Health Parity Act of 1996: Effects/Costs of Implementation*,” U.S. General Accounting Office, May 2000.