

Employer Survey Results: Mental Health Parity Law



Federal Parity Legislation

The Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act of 2008 was signed into law as part of the Emergency Economic Stabilization Act. The law provides parity for medical/surgical and mental health/substance use benefits in healthcare plans that offer mental health/ substance use coverage. Plans sponsored by businesses with more than 50 employees will be required to provide comparable day and visit limits, deductibles, copays, and out-of-network charges for mental health/substance use benefits. Previous legislation provided parity on lifetime and annual dollar limits. The law takes effect January 1, 2010.

Learn more by visiting [the Partnership's website](#).

The Partnership for Workplace Mental Health recently conducted a survey of employers that focused on what impact the new federal parity legislation will have on the provisions of the mental health and substance use disorders benefits they offer. The survey was designed to better understand current corporate benefit design and what kinds of changes employers intend to make in order to comply with the law.

The ten-question web based survey launched March 10, 2009, and was open for two months. The survey was sent to approximately 1000 Partnership employer contacts. In addition, several employer organizations promoted the survey to their memberships, including the Midwest Business Group on Health, the Center for Health Value Innovation, the Disability Management Employer Coalition, the Mid-America Coalition on Health Care, the Employer Health Care Alliance, and the New York Business Group on Health. Health plans and members of the Association for Behavioral Health and Wellness were also invited to send the survey to their employer customers, and Mental Health America and George Washington University promoted it to their contacts.

Respondent Demographics

The survey received a total of 143 responses. Respondents were asked (but not required) to specify their role at their organization. The largest group (more than 43%) indicated that they were human resource/benefits professionals. Of these respondents, over 17% reported they are EAP professionals, with the remaining reporting that they serve in such roles as consultants, labor relations consultants, chief executive officers, disability managers, directors of health and wellness, customer care advocates, and directors of behavioral health.

The survey's participants represent companies diverse in size. One in ten of the respondents are with a company with fewer than 50 employees. Respondents working for companies with more than 5,000 employees comprised over 43% of the survey participants.

Question: How many full time employees (FTEs) work for your company?

<i>Number of FTEs</i>	<i>Response percentage</i>	<i>Response count</i>
< or = to 50	21.7	31
51 to 1000	21.7	31
1,001 to 5,000	13.3	19
5,001 to 10,000	11.9	17
10,001 to 25,000	12.6	18
25,001 to 50,000	9.1	13
50,001 to 100,000	3.5	5
>100,000	6.3	9

Most of the companies indicated they are covered by ERISA. Seventy- seven percent of the non-ERISA companies have 5,000 or fewer employees. (Note: Not all respondents answered this question)

Question: Is your company covered by ERISA?

	Response Percentage	Response Count
Yes, covered by ERISA	78.3	65
No, not covered by ERISA	21.7	18

Current Benefits Offered

Participants were asked if their company provides coverage for medical/surgical, mental health, and/or substance use disorders. The majority of the companies surveyed currently offer coverage for all of these services. Only 7.4% did not offer any of these benefits. Upon analysis, it was found that almost all the companies with more than 5,000 employees offered coverage in all three benefit categories. In companies with fewer than 50 employees, 52% of respondents offered all three types of benefits and 22% offered none of these benefits. There was greater variability in whether substance use disorder treatment was covered by employers between the respondents in the 1,001 to 5,000 FTEs range – 33% did not offer any substance use disorder coverage. Interestingly, in the 51 to 100 FTE category, almost 87% cover substance use disorders.

Question: Does your company currently offer any plans that include coverage for:

	Response Percentage	Response Count
Medical/surgical	88.2	120
Mental Health Conditions	86.0	117
Substance Use Disorders	81.6	111
None	7.4	10

Advice from Consultants/Brokers/Insurers

When asked if a benefits consultant/broker/insurer had advised respondents about the new parity law and suggested options, participants indicated that less than half (42%) of them had been contacted with advice. Companies with over 5,000 employees reported receiving advice more often than smaller companies. Some respondents (approximately 20%) indicated “other,” with specific responses including “examining the issue internally” and “asked consultants but received no solid information,” “this will be happening later this month,” and “expect this from the health plan.”

Question: Has your benefits consultant/broker/insurer advised you of the new parity law & suggested options?

	Response Percentage	Response Count
Yes	42.0	50
No	38.7	46
Other	19.3	23

Few Companies Consider Eliminating Coverage

Companies were asked if they were considering dropping mental health or substance use coverage as a result of the new legislation. Most companies indicated that they were not considering dropping mental health (74%) or substance use disorder coverage (77%). Only eight respondents indicated that their company was considering dropping mental health coverage. Of those eight companies considering dropping coverage, five have 0 to 50 employees, which means they are exempt from the law, which only covers companies with more than 50 employees; two are in the 1,001 to 5,000 range, and one is in the 10,001 to 25,000 range. Companies considering dropping mental health coverage were also considering dropping substance disorder coverage. More companies (approximately 20%) responded that they did not know whether mental health benefits would be dropped as compared to dropping substance disorders coverage (16%). Twenty-nine respondents chose not to answer the question.

Question: Is your company considering dropping mental health or substance use coverage because of the federal parity legislation?

	Yes, considering dropping	No, not considering dropping	Unknown	Response count
Mental Health	7.1	73.5	19.5	113
Substance use	7.8	76.7	15.5	103

Planned Benefit Design Changes

Companies were asked which benefits features their companies are considering changing for the 2010 plan year to comply with the parity legislation. Responses were generally evenly distributed among all of the options provided: co-pays, co-insurance, deductibles, inpatient day limits, outpatient visit limits, out of network coverage, none, or other. The responses suggest that the legislation will require a number of benefit design changes. The features most often targeted were co-pays and outpatient visit limits. These features were seen more frequently in companies with fewer than 5,000 FTEs. Also of note, in the 50 to 100 FTE category, 45% of the respondents stated they would change deductibles. One respondent indicated that they would start using the EAP as a gateway to all mental health services.

Question: Which of the following benefits features might your company consider changing for the 2010 plan year to comply with the parity legislation?

	Response Percentage	Response Count
Co-pays	36.7	36
Co-Insurance	25.5	25
Deductibles	28.6	28
Inpatient day limits	28.6	28
Outpatient visit limits	35.7	35
Out of network coverage	28.6	28
None	20.4	20
Other	24.5	24

Other Health Care Strategy Changes

Companies were asked if the new law will spur other changes to their health strategies and offerings.

Question: As a result of the new law, has your company considered implementing any of the following?

	Response Percentage	Response Count
Increasing utilization management & prior authorization	21.7	20
Excluding coverage specific disorders	14.1	13
Increasing promotion/use of EAP	38.0	35
Increasing promotion/use of disability management	26.1	24
Adding or increasing use of case management /disability management	23.9	22
Adding or increasing use of absence management programs	9.8	9
Increasing promotion/use of wellness programs	34.8	32
None	29.3	27
Other	16.3	15

The most frequent response was increasing the use of EAPs (38%), followed by increasing the use of wellness programs. Companies with fewer than 50 FTEs most frequently responded with no planned changes, as did employers in the 25,000 to 50,000 range. Fifty-seven percent of the companies with more than 100,000 FTEs said they will add or increase the use of case or disease management. A large percentage of companies in the 1,000 to 5,000 range (more than 44%) said they will be increasing utilization management and prior authorization. Fourteen percent of all respondents said they will exclude coverage for specific disorders, of these 46% were companies with fewer than 5,000 FTEs.

Most respondents did not specify what other health strategies their organization might implement. One indicated that their company intends to carve out mental health/substance abuse coverage, and another reported that other health strategies are still being reviewed.

Health Care Costs

Companies were asked to estimate the percentage of their total health care spend associated specifically with mental health and substance use disorders services. Very few companies (9.3%) reported that mental health and substance use disorder services account for greater than 5% of their total health care spend. Fifty percent of the few companies that have mental health and substance use spending greater than 5% are in the 50 to 100 FTE range. Over 71% of employers with more than 100,000 FTEs currently spend 3 to 5% of their total health care spend on mental health and substance abuse benefits.

Question: What percent of your total health care spend is attributable to mental health/substance use spending in the most recent plan year?

	Response Percentage	Response Count
1-3%	50.0%	43
3-5%	40.7%	35
>5%	9.3%	8

How the Law will Affect Health Care Costs

We also were interested in understanding how employers anticipate the new law will affect the overall costs of health care. The responses indicated that smaller companies were less able to identify the cost implications of parity: 40% of companies with fewer than 50 FTEs and almost 30% of employers with 50 to 100 FTEs responded with “unknown.” Of companies with 1,000 and more employees, responses were split between “staying about the same” and “increasing less than 2%.”

Question: We are interested in understanding your expectations for how the parity law may affect your overall health care costs. We expect costs to:

	Response Percentage	Response Count
Stay about the same	23.8	20
Increase < 2%	35.7	30
Increase > 2%	16.7	14
Decrease < 2%	1.2	1
Decrease > 2%	1.2	1
Unknown	21.4	18

About the Partnership

The Partnership for Workplace Mental Health is a program of the American Psychiatric Foundation. The Partnership’s mission is advance effective employer approaches to mental health by combining

the knowledge and experience of the American Psychiatric Association and our employer partners.
Learn more at www.workplacementalhealth.org.