

# MENTAL HEALTH PARITY

## State of the States

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*A Series of Community Voices Publications*

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BY



**CENTER FOR POLICY ALTERNATIVES**

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*Community Voices*  
HEALTHCARE FOR THE UNDERSERVED

[www.communityvoices.org](http://www.communityvoices.org)



MOVING IDEAS TO ACTION ACROSS THE STATES

*The Center for Policy Alternatives (CPA) is the nation's leading nonpartisan public policy and leadership development center devoted to community-based solutions that strengthen families and communities. CPA engages elected, nonprofit and private sector leaders across the 50 states to envision and realize progressive solutions for America's future.*

### **About Community Voices: HealthCare for the Underserved**

Across the U.S., 13 communities form the building blocks of a national effort to heal the health care system. The national effort is called Community Voices: HealthCare for the Underserved and it is a five-year W.K. Kellogg Foundation initiative.

The W.K. Kellogg Foundation launched Community Voices in August 1998 to help ensure the survival of safety-net providers and to strengthen community support services given the unlikely prospect of achieving universal health coverage in the next five years. Building from the community level, the initiative gives the underserved a voice to help make health care access and quality part of the national debate. The underserved includes working poor, individuals or families who receive public assistance, and those who lack any or adequate health insurance. The size and scope of Community Voices reflects the compelling need to improve coverage and access and include the 70 million Americans who currently have little or inadequate health care into the system, or stated differently, the 108 million that do not have insurance that insures access to primary health care including coverage for oral health care services.

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## Ensuring Equitable Treatment of Mental Health Illness

Millions of adult Americans struggling with mental illness face a blatant form of health insurance discrimination. Nearly 98 percent of private sector health insurance plans impose some form of arbitrary restrictions on treatments for mental illness, including higher co-payments, limited outpatient treatment, and lower caps on lifetime benefits.\* Restrictions on coverage force patients to cobble together a patchwork of treatments that alleviates some symptoms but fails to provide a complete treatment for their disorder.

Too often, mental illness has been stigmatized or viewed as a character flaw, rather than the serious disease it is. Health insurance discrimination contributes to social stigma that prevents people from seeking treatment. Stigma prompts many people to withdraw from work and social activity. Insurers take advantage of society's stigmatization of the mentally ill by restricting coverage of mental health services in ways that would not be tolerated for other illnesses. This form of discrimination is pernicious and often creates a vicious cycle of depression and isolation.

### All Americans Pay the Price

While high health care costs are a concern for insurers, we all pay the price. Recent research examining six major medical conditions—including hypertension, diabetes, lung diseases, and arthritis—found only severe heart disease to be associated with more disability and interruption of daily functioning than depression.

Providing equal coverage for all illnesses makes good economic sense. A National Institute of Mental Health study found that mental disorders cost over \$300 billion annually from a loss of productivity and other direct and indirect health care costs. When people receive the proper treatment for their mental health disorders, they have at least a 75 percent rate of success, surpassing the recovery rates for other medical problems, such as coronary disease which only has a 50 percent success rate.\*

### States Take Lead to Enact Parity Legislation

In 1996, President Clinton signed the Mental Health Parity Act which requires that any annual or lifetime limits on benefit payments for mental health treatment offered by group health insurance plans must be no lower than limits for medical and surgical treatments. But the federal law is quite limited. It does not require any insurer to offer mental health coverage, it does not include drug or alcohol treatment, and it does not apply to employers with 50 or fewer employees.

\*According to the American Psychological Association.

**“Powerful and pervasive, stigma prevents people from acknowledging their own mental health problems, much less disclosing them to others.”**

—U.S. Surgeon General's Report, 1999

**Over 50 million adults—22 percent of the U.S. adult population—suffer from mental illness or substance abuse disorders every year.**

—American Psychological Association

Forty-six states and the District of Columbia have enacted legislation addressing mental health coverage in some manner. Of those, twenty-three states have enacted mental health parity laws, specifically, Arkansas, California, Colorado, Connecticut, Delaware, Hawaii, Indiana, Maine, Maryland, Massachusetts, Minnesota, Montana, New Hampshire, New Jersey, New Mexico, North Carolina, Oklahoma, Rhode Island, South Carolina, South Dakota, Texas, Vermont and Virginia. These laws vary widely, but generally they prohibit insurers from discriminating between mental and physical disorders. Nine other states exceed federal requirements by mandating that insurers provide or offer a minimum set of mental health benefits.

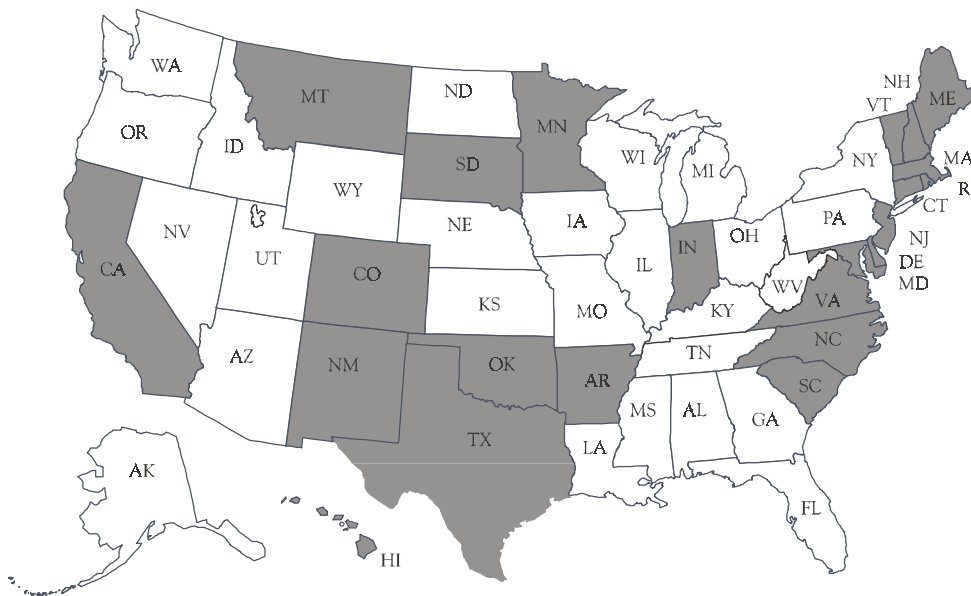
However, most state parity laws don't go far enough. Only one-third provide coverage for substance abuse treatment and half of the laws exempt small businesses. With fifty million Americans at risk, this is an issue that requires action.

**Twenty three states have comprehensive mental health parity laws, but only nine include substance abuse treatment.**

**In 1990, medical costs for mental health disorders totalled \$313 billion, nearly equal to costs for cancer, AIDS, respiratory and coronary diseases combined.**

—National Institutes of Health

■ **States with Mental Health Parity Laws\***



\*Source: "Mandated Benefits for Mental Health and Substance Abuse Treatment," Tracy Delaney, Health Policy Tracking Service, Washington, D.C., 2000.

## Mental Health Coverage - State of the States

|    | No State Legislation<br>Most Recent Year<br>Enacted | Comprehensive Parity<br>Parity for Biological<br>Based Illness | Includes Substance<br>Abuse Treatment | Exempts Small<br>Businesses | Bus. Exempt if Costs<br>Increase by 1-2% | State Employee Plans<br>Only | Parity in Dollar<br>Lifetime/Annual Limits | Minimum Mandated<br>Benefit | Mandated Offering | Some equitable option<br>must be offered |    |
|----|---|--|---------------------------------------|-----------------------------|--|------------------------------|--|-----------------------------|-------------------|--|----|
|    | A   | B  | C                                     | D                           | E  | F                            | G  | H                           | I                 | J  | K  |
| AL |   | 00   |                                       |                             |  | X                            |  | X                           |                   | X1                                       | X1 |
| AK |   | 97   |                                       |                             |  | X                            |  |                             | X2                |  |    |
| AZ |   | 98   |                                       |                             |  |                              |  | X                           | X4                |  |    |
| AR |   | 97   | X                                     |                             | X  | X                            | X  |                             |                   |  |    |
| CA |   | 00   |                                       | X                           |  |                              |  |                             |                   | X2                                       |    |
| CO |   | 98   |                                       | X                           |  |                              |  |                             |                   | X3                                       |    |
| CT |   | 99   | X                                     |                             | X  |                              |  |                             |                   |  |    |
| DE |   | 98   |                                       | X                           |  |                              |  |                             |                   |  |    |
| DC |   | 97   |                                       |                             |  |                              |  |                             |                   | X1                                       |    |
| FL |   | 93   |                                       |                             |  |                              |  |                             |                   | X1                                       |    |
| GA |   | 98   |                                       |                             |  | X                            |  | X                           |                   | X1                                       | X  |
| HI |   | 99   |                                       | X                           |  | X                            |  |                             | X1                |  |    |
| ID | X   |  |                                       |                             |  |                              |  |                             |                   |  |    |
| IL |   | 95   |                                       |                             |  |                              |  |                             | X3                | X4                                       |    |
| IN |   | 99   |                                       | X                           |  | X                            | X  | X4                          |                   |  | X1 |
| IA | X   |  |                                       |                             |  |                              |  |                             |                   |  |    |
| KS |   | 97   |                                       |                             |  |                              |  |                             | X2                |  |    |
| KY |   | 00   |                                       |                             |  | X                            |  | X                           |                   | X2                                       | X1 |
| LA |   | 99   |                                       |                             |  |                              |  | X                           | X4                | X1                                       |    |
| ME |   | 95   |                                       | X                           |  | X                            |  |                             | X2                |  |    |
| MD |   | 93   | X                                     |                             | X  |                              |  |                             |                   |  |    |
| MA |   | 00   | X                                     |                             | X  |                              |  |                             |                   |  |    |
| MI |   | 00   |                                       |                             |  |                              |  |                             | X4                | X2                                       |    |
| MN |   | 95   | X                                     |                             | X  |                              |  |                             |                   |  |    |
| MS |   | 94   |                                       |                             |  |                              |  |                             | X2                | X4                                       |    |
| MO |   | 99   |                                       |                             |  |                              | X  | X                           | X1                |  |    |
| MT |   | 99   |                                       | X                           |  |                              |  |                             | X2                |  |    |
| NE |   | 99   |                                       |                             |  | X                            |  | X                           | X4                | X3                                       |    |
| NV |   | 99   |                                       |                             |  | X                            | X  | X                           | X1                |  |    |
| NH |   | 94   |                                       | X                           |  |                              |  |                             | X4                |  |    |
| NJ |   | 99   |                                       | X                           |  |                              |  |                             | X3                |  |    |
| NM |   | 00   |                                       | X                           |  | X                            | X  |                             |                   | X3                                       |    |
| NY |   | 98   |                                       |                             |  |                              |  |                             |                   | X1                                       |    |
| NC |   | 97   | X                                     |                             | X  |                              |  | X                           |                   | X2                                       |    |
| ND |   | 95   |                                       |                             |  |                              |  |                             | X1                |  |    |
| OH |   | 85   |                                       |                             |  |                              |  |                             | X1                |  |    |
| OK |   | 99   |                                       | X                           |  | X                            |  |                             |                   |  |    |
| OR |   | 00   |                                       |                             |  |                              |  |                             |                   | X1                                       |    |
| PA |   | 98   |                                       |                             |  | X                            |  |                             | X4                |  |    |
| RI |   | 94   |                                       | X                           |  |                              |  |                             | X3                |  |    |
| SC |   | 00   | X                                     |                             | X  |                              |  | X                           |                   |  |    |
| SD |   | 98   |                                       | X                           |  |                              |  |                             |                   | X1                                       |    |
| TN |   | 98   |                                       |                             |  | X                            | X  | X                           | X4                | X3                                       |    |
| TX |   | 97   |                                       | X                           |  |                              |  | X                           | X1                |  |    |
| UT | X*  |  |                                       |                             |  |                              |  |                             |                   | X1                                       |    |
| VT |   | 97   | X                                     |                             | X  | X                            |  |                             |                   |  |    |
| VA |   | 99   | X                                     |                             | X  | X                            |  |                             |                   |  |    |
| WA |   | 90   |                                       |                             |  |                              |  |                             | X2                | X4                                       |    |
| WV |   | 98   |                                       |                             |  |                              |  |                             |                   | X1                                       |    |
| WI |   | 81   |                                       |                             |  |                              |  |                             |                   | X1                                       |    |
| WY | X   |  |                                       |                             |  |                              |  |                             |                   |  |    |

### Category Codes

X1 = Includes mental health and substance abuse coverage  
 X2 = Substance abuse only  
 X3 = Alcohol abuse only  
 X4 = Mental health only

A – Insurers only required to follow federal parity guidelines (Mental Health Parity Act of 1996 that prohibits setting lifetime or annual benefit limits lower than those set for physical illnesses).

B – Latest date state passed legislation pertaining to mental health coverage.

C – Provides comprehensive parity for mental health and substance abuse illnesses.

D – Parity only for biological based diseases, as listed in the current Diagnostic and Statistical Manual of Mental Disorders (DSM).

E – Businesses with 50 employees or less are exempt.

F – If insurance costs for employer increase 1-2%, business can file for exemption from law.

G – Only state employee health plans affected by law.

H – Equal to Federal Parity Law.

I – Insurers are required to provide some coverage for mental health and or substance abuse treatment, but not parity.

J – Insurers are required to offer mental health coverage, but not parity.

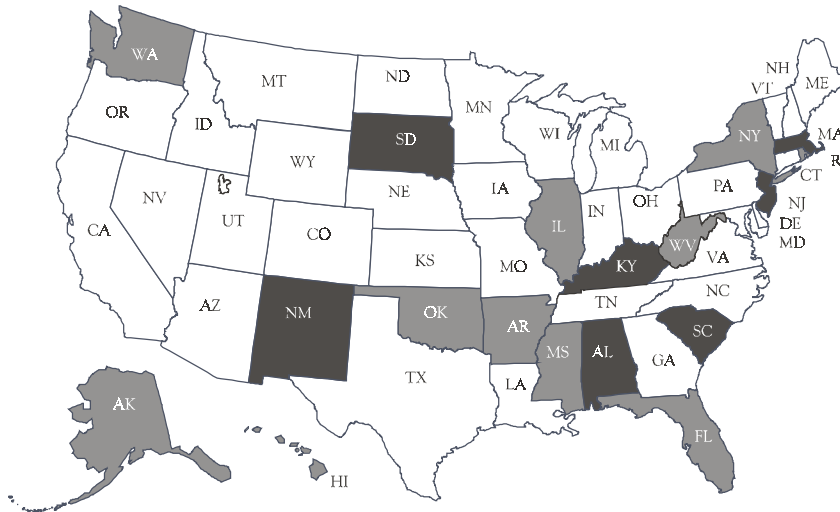
K – Some option of insurance must be offered where mental and physical illnesses are covered equally.

\*Utah repealed its 2000 law by revoking the enacting clause.

Data Source: "Mandated Benefits for Mental Health and Substance Abuse Treatment," Tracy Delaney, Health Policy Tracking Service, Washington, D.C., 2000.

## State Mental Health Legislation in 2000

- 7 States Enact Parity
- 18 States Introduce Parity



### States Enacting Parity in 2000

Alabama  
Kentucky  
Massachusetts  
New Jersey  
New Mexico  
South Carolina

### Parity Legislation Still Pending in States as of September 2000

**New York (A.6235) Status:** Passed Assembly, sent to Senate.  
Requires all insurers to provide equitable coverage of mental, nervous or emotional disorders.

**Oklahoma (H.2613) Status:** in committee.  
Requires insurers to provide equitable coverage, including co-payments and deductibles. Small businesses are exempted.

**Illinois (S.1724) Status:** in committee.  
Legislation requiring equitable coverage of severe mental illness if coverage is offered in insurance plans.

**Washington (H.2517) Status:** in committee.  
Requires equitable coverage of all mental health disorders covered in the DSM. Small businesses are exempted.

## Community Voices Learning Laboratories

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The W.K. Kellogg Foundation's five-year initiative Community Voices: HealthCare for the Underserved has thirteen diverse communities – or learning laboratories – across the country. These thirteen learning laboratories serve as working centers that will sort out what works from what does not in meeting the needs of those who receive inadequate or no health care. These learning laboratories were selected to serve some of the hardest-to-reach populations including those living in poor urban and rural areas, immigrants, Native Americans and the homeless.

### **The communities are:**

- Alameda County/Oakland, California
- Albuquerque, New Mexico
- Baltimore, Maryland
- California Native Americans
- Denver, Colorado
- Detroit, Michigan
- El Paso, Texas
- Lansing/Ingham County, Michigan
- Miami, Florida
- North Carolina (select rural counties)
- Northern Manhattan, New York
- Washington, DC
- West Virginia

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The learning laboratories will conduct a range of activities aimed at reducing the number of people without health care coverage. They will utilize community-based programs to reach those most often slipping through the cracks of the health care safety net. The Foundation is providing each learning laboratory with a nationally recognized resource team of consultants to assist with communications, public policy and evaluation.

**The four broad outcomes of models for Community Voices include:**

- *Increasing access to community health services for the underserved and uninsured focusing on primary care and prevention.*
  
- *Preserving and strengthening community health services while communities work to build a healthier environment for all.*
  
- *Changing community health delivery systems to foster more cost-effective, high-quality care.*
  
- *Establishing community models of best practices providing different approaches and strategies other communities can select from and adapt to their own unique circumstances.*

The ultimate goal of Community Voices is that the learning laboratories will develop models that other locations can select and adapt to best meet their own local needs and circumstances. The models built will include providers, community members, community organizations, and community-based health and human service agencies that can contribute to improving health and health care.

The learning laboratories are establishing service networks. They are using the Foundation's five-year grants to support dedicated human resources, time and infrastructure development to design, plan, test, implement, refine and firmly root cost-effective delivery systems.

Informing policy is an integral part of the work of each learning laboratory. Policy issues related to the project goals of sustaining the safety net and expanding coverage for uninsured and underinsured individuals and families are being identified, examined and studied. In addition, communications is a key component to each of the learning

laboratories' activities. At the beginning of the initiative the learning laboratories participated in a media training session. Site visits and other meetings have also taken place to help equip the learning laboratories with the necessary skills to effectively develop and integrate communications plans into their activities. Lastly, evaluation of the whole initiative will be conducted and each learning laboratory will also conduct its own evaluation.

The W.K. Kellogg Foundation was established in 1930 to *help people help themselves*. To achieve the greatest impact, the Foundation targets its grants toward specific areas. These include: health; food systems and rural development; youth and education, and higher education; and philanthropy and volunteerism. Within these areas, attention is given to the cross-cutting themes of leadership; information systems/ technology; capitalizing on diversity; and social and economic community development programming. Grants are concentrated in the United States, Latin America and the Caribbean, and the southern African countries of Botswana, Lesotho, Mozambique, South Africa, Swaziland and Zimbabwe.

### **Community Voices Site Contacts**

#### **CV: California (Oakland)**

Asian Health Services, Inc.  
7700 Edgewater Drive, Suite 215  
Oakland, CA 94621  
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510/567-1553 Fax  
<http://www.ahschc.org/>

#### **CV: California (CRIHB)**

California Rural Indian Health Board, Inc.  
1451 River Park Road  
#220  
Sacramento, CA 95815  
916/929-9761  
916/929-7246 Fax  
<http://www.crihb.org>

#### **CV: Colorado**

Community Voices  
Denver Health  
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#### **CV: District of Columbia**

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#### **CV: Florida**

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#### **CV: Maryland**

Vision for Health Consortium  
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**CV: Michigan (Detroit)**

Voices of Detroit Initiative  
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313/832-4308 Fax

**CV: Michigan (Ingham County)**

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517/887-4310 Fax

**CV: New Mexico**

Community Voices of New Mexico  
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## **Other Publications**

### **The Community Voices Publication Series**

The 13 communities selected to be part of the Kellogg Foundation's Community Voices: Healthcare for the Underserved initiative function as learning laboratories. As a result of the focused work done, both individually and collectively by the learning laboratories, the Community Voices initiative has identified a series of health issues and concerns. These concerns are being addressed in two ways: experimenting with innovative solutions at the local level and raising public attention at the national level. The publication series developed by Community Voices will document the efforts as well as market and promote the findings.

**The following published reports are available for downloading at: [www.communityvoices.org](http://www.communityvoices.org)**

Oral Health for All: Policy for Available, Accessible, and Acceptable Care

State of the States: Overview of 1999 State Legislation on Access to Oral Health

Disparity Cavity

Increasing Access: Building Working Solutions

#### **Other topics in the publication series will include:**

Increasing Access: Building Working Solutions Part II

Mental Health

Substance Abuse

School-Based Health Care

Men's Health: Coverage and Payment Deficiencies

Women's Health: Gaps in Coverage for those Aged 54-65

Service-Worker Industry

Insurance Practices

Community Expectations from the Healthcare System

Health Professions Education, Minority Taxpayers & Community Benefit

Oral Health

– Big Cavity

– Adult Access to Oral Health

Media Training

Social Determinants of Health and its Policy Implications

Asian American Health

Small Business – Coverage for Workers

Data Shortcomings – Community Characterization

**To check on the release of these publications in the coming months, please visit the Community Voices web site at [www.communityvoices.org](http://www.communityvoices.org)**



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CVCHCU3810  
Item #0486  
9-0025CCPA