



End Discrimination Against People with Mental Illness

Getting Past the Myths of Parity

Over the past 10 years, opponents of mental health parity have created a series of myths about the so-called “dangers” of mental health parity. This document responds to those distortions with the reality about insurance parity.

Myth 1. Parity is too expensive.

The Reality. Parity is affordable.

The federal government characterized the argument that the cost of mental health parity is too high and would result in fewer people having insurance as an “apparent myth.”ⁱ Actuarial firms such as the Hay Group,ⁱⁱ estimate that comprehensive parity will cost a little over 1 percent.

Myth 2. Parity will be harmful.

The Reality. Parity will help Americans get the services they need.

This simply ignores the facts. Opponents ignore entirely both the compelling data on how little parity costs and the reality that the cost of untreated and mistreated mental illness to American businesses, government and families has grown to \$113 billion annually.¹

Myth 3. Parity will allow misuse of the system.

The Reality. Parity will help those who truly need mental health services.

Citing a “growing body of research and actual industry experiences,” the federal government found that state parity laws have had only a small effect on premiums due primarily to careful management of mental health services. There is no foundation, therefore, to suggest that arbitrary, discriminatory limits on treatment or unfair cost-sharing must be imposed to insure against overutilization.ⁱⁱⁱ

In a study of mandates in Texas, Milliman and Robertson found that the costs of mental illness that were *not* covered by private insurance were transferred to the public health system.²

¹ Rice, P. Dorothy, and Leonard, S. Miller. (1998). Health economics and costs implications of anxiety and other mental disorders in the United States. *British Journal of Psychiatry*, 173(34): 4-9.

² Milliman & Robertson, Inc. (2000). Analysis of costs and benefits of 13 mandated benefits. Texas: Texas Department of Insurance.

Myth 4. The legislation is unreasonably broad and covers nonexistent disorders.

The Reality. All disorders under the DSM or the International Classification of Disease must be included in a real parity law.

Opponents imply that the measure requires coverage for fake or unworthy psychiatric disorders. Opponents selectively ignore actual law: parity is required only as to services that are medically necessary under the plan or issuer's criteria.

Narrowing parity coverage to a handful of psychiatric disorders would exclude most children with emotional disorders and adults with a range of serious disorders, such as post-traumatic stress disorder and would not save money. Limiting care based on perceived degrees of seriousness among mental illnesses is just as wrong as it would be if insurers proposed limiting coverage of only certain types of cancer or cardiovascular disease.

Myth 5. The Federal Government has already passed a parity law.

The Reality. The Mental Health Parity Act 1996 law was extremely limited in its protections.

The federal law only protects against lifetime and spending limits. The General Accounting Office (2000) has shown that many insurance agencies simply erected new barriers (in the form of day and visit limits and higher co-payments). In evading the spirit of the 1996 Act, parity opponents continue to deny people access to needed mental health care.

In 2001, the U.S. Congress had an opportunity to strengthen federal parity law. Instead, they chose to extend the parity law until December 31, 2002.

Myth 6. Now is not the time to enact parity.

The Reality. Now IS the time to pass parity. How long do people in this country need to suffer?

Mental health parity is not a new concept. We have the benefit of years of experience and available cost data in the 32 States which have enacted and implemented mental health parity legislation. That experience informed the Federal government and enabled it on January 1, 2001 to implement mental health parity for all Federal employees and their dependents, including Members of Congress and their staff – with minimal cost impact -- through the Federal Employee Health Benefits Program. **Parity has undergone years of study. It is time to act.**

For More information, please contact the Advocacy Resource Center
1-800-969-6642, Option 6
<mailto:shcrinfo@nmha.org>

ⁱ www.opm.gov/insure/health/parity/qanda.htm

ⁱⁱ Kirschstein, Ruth L. (June 2000). Insurance Parity for Mental Health: Cost, Access, and Quality. Final Report to Congress by the National Advisory Mental Health Council, 2000. Washington, DC: NIH Publication No. 00-4787.

ⁱⁱⁱ www.opm.gov/insure/health/parity/qanda.htm