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JACKSONVILLE Business Journal

IN DEPTH: HEALTHCARE

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Employers worry about paying for depression

Diane Faulkner

JACKSONVILLE -- Employers are depressed about the impact the pending Mental Health Parity Act might have on health insurance costs.

"The mental health parity legislation has been floating around for years," said Joseph Godwin of Ford & Harrison, a national labor and employment law firm. "It looks like the act may have legs this time."

Employers are concerned about what mandated mental health coverage would do to their ability to offer health insurance at all.

Limiting treatment

The U.S. General Accounting Office says 40 million Americans are diagnosed with some type of mental illness every year.

A recent study published in the journal Health Affairs shows 90 percent of employers offer some type of mental health coverage.

Under the Mental Health Parity Act of 1996, health plans are prohibited from having lifetime caps or annual reimbursement limits for mental illnesses different from those for physical health benefits.

Plans can, however, continue to limit outpatient visits and inpatient stays, as well as charge higher co-payments for services.

Federal Bureau of Labor Statistics data indicate 90 percent of policies offer fewer benefits for mental health than for physical health services.

The Equitable Treatment Act of 2001 would expand current regulations to require parity for hospitalization, outpatient visits and cost-sharing requirements.

The current regulations are set to expire by year's end.

The Americans with Disabilities Act of 1990 requires employers to make "reasonable accommodations" for employees with mental illnesses.

The illnesses include major depression, anxiety disorders and schizophrenia, all of which substantially limit "major life activities" defined as sleeping, concentrating or caring for oneself.

The guidelines do not require lowering performance standards, but employers may have to allow for time off, alternative work schedules or part-time arrangements, as well as making physical changes to the workplace.

Turnover trouble

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Seven percent of short-term disability claims in Florida are for psychiatric illnesses, said Dr. Ron Leopold of the MetLife Disability Group.

"Certain industries have higher experience [with mental health claims] than others," he said. "Call centers, for instance, are notoriously more affected -- white collar workers rather than blue collar workers. Basically, you can predict high rates for sedentary over heavy work industries."

Other drivers are the age mix and gender of the work force, he said. Another predictor for high mental health coverage experience is turnover.

"Turnover is a heavy predictor of psychiatric claims," Leopold said.

Employers see higher productivity and lower absenteeism when employees' mental health problems are treated, which would offset the cost of coverage, Leopold said.

"We know that the employers who offer more and better, more complete access to mental health coverage have fewer, not more, psychiatric claims," he said.

"Those claims that are experienced are of shorter duration, and overall the productivity is increased."

A study by PricewaterhouseCoopers found employers would experience an actual increase of only \$1.32 a month for each employee to implement parity.

"The U.S. Surgeon General said there is no scientific justification for treating mental health benefits differently from other benefits," said Russ Newman of the American Psychological Association.

"Health care coverage in this county needs to catch up with what people increasingly understand," Newman said. "The mind and body are linked inextricably, and the perpetuation of discrimination against mental health in benefit design makes no financial sense and no common sense."

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