



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

Testimony of
Connecticut Insurance Department

The Insurance and Real Estate Committee

February 10, 2011

SB No. 877--An Act Concerning Mental Health Parity

The Department appreciates the opportunity to provide these comments today on Raised Bill 877.

We seek to make it abundantly clear to lawmakers that Connecticut already has not one, but two, very effective mental health parity insurance laws on the books. Those laws apply to individual and small and large group policies and both provide clear safeguards that protect consumers against onerous financial burdens for coverage of mental health treatment. The federal law, while well-reasoned and certainly well-intended, has the potential to ultimately weaken some of the state mandated protections that consumers in Connecticut have had for years regarding mental health coverage. To that end, we seek to make the following points:

1. THERE IS NO NEED FOR THIS BILL – Specified individual health insurance policies are already covered under Section 38a-488a, and Section 38a-514 applies to specified group health insurance policies issued in Connecticut to small and large employers. Both laws require that the policies contain benefits for diagnosis and treatment of mental health conditions in addition to the medical benefits provided. The laws also provide that the policies cannot place a greater financial burden on an insured for access to diagnosis or treatment of mental or nervous conditions than for diagnosis of medical conditions. These laws have worked well and protected insured consumers over the years. We do not believe incorporating the federal law's provisions (which in some areas are weaker) into our state law is necessary or appropriate.

The Department also wants to point out that employers of 50 employees or more, with insured and self-insured group health plans, are already subject to the federal mental health parity law, including the Wellstone –Domenici Mental Health Parity and Addiction Equity Act of 2008 amendments that went into effect January 1, 2010. Therefore this legislation is not necessary for these employers, and if anything, may lead to confusion.

2. SB 877 ADDS AMBIGUITY – Consumers demand and deserve clarity of coverage and benefits. To that end, the Department is deeply concerned that the effect of this proposed legislative change may be unclear for both small and large employers purchasing group health insurance policies in Connecticut. **Our existing mental health parity law for group health insurance policies requires coverage of mental health**

conditions in addition to medical conditions, and on the same basis. Under the federal mental health parity law, an employer (with more than 50 employees) is not required to provide mental health benefits at all. The federal law only applies where an employer has voluntarily determined that it wishes to add mental health benefits to its group health plan. We assume the legislative intent in requiring compliance with the Wellstone –Domenici Parity Act is not to permit employers with Connecticut group policies to opt out of providing mental health benefits, but the effect is unclear. Simply put, under state law they cannot opt out – they are mandated to provide these benefits when they purchase a Connecticut group health insurance policy. Interjecting an optional federal law in the middle of a Connecticut requirement would add confusion and muddle what we believe is an already very clear state mandate.

There may be further ambiguity in referencing the Wellstone-Domenici Act because the interim final regulations under this Act do not require mental health parity in all plan designs. The intent of the federal mental health parity amendments and interim final regulations is that generally there should be mental health parity in group health plans (again where the employer has voluntarily chosen to provide mental health benefits), but the tests for determining an employer's obligations for mental health parity require a complex balancing of the financial requirements and treatment limitations that the plan uses for medical conditions. Depending on the specifics of the plan design for the medical benefits, mental health parity may or may not be required. The Connecticut law, on the other hand, as noted, clearly specifies that a group policy cannot establish any terms, conditions or benefits that place a greater financial burden on an insured for access to diagnosis and treatment of mental and nervous conditions than for diagnosis and treatment of medical conditions.

SUMMARY -- The Department believes the existing state mental health parity insurance laws for the specified types of individual and group insurance provide more complete coverage for mental health disorders than the Wellstone-Domenici Parity Act. The federal law was necessary to regulate self-insured employer group health plans (over which the Department has no jurisdiction). The Department therefore urges the Committee to continue with the protections under existing state law for Connecticut consumers under insured plans and not take favorable action on Raised Bill 877.