

SUBJECT: Health benefit plan coverage for certain mental disorders in children

COMMITTEE: Insurance — committee substitute recommended

VOTE: 7 ayes — Eiland, Averitt, Burnam, G. Lewis, J. Moreno, Olivo, Thompson

1 nay — Seaman

1 present, not voting — Smithee

0 absent

WITNESSES: For — Dr. Stephen Barnett, Texas Medical Association and Texas Pediatric Society; Melanie Gantt, Mental Health Association in Texas; Sheri Larivee; Joe Lovelace, NAMI; Beth Mitchell, Advocacy, Inc.; Deborah Peel, Texas Society of Psychiatric Physicians and Texas Medical Association;
Registered but not testifying: Troy Alexander, Texas Medical Association; Tom Banning, Texas Academy of Family Physicians; Steve Bresnen, Texas Society of Psychiatric Physicians; David Evans; Patricia Kolodzey, Texas Hospital Association; Susan Marshall, The ARC of Texas; Lisa McGiffert, Consumers Union; Randy Routon; Cyndie Schmitt, Texas Council of County MHMR Centers, Inc.

Against — Jay Thompson, Texas Association of Life Health Insurers;
Registered but not testifying: Jerry “Nub” Donaldson, Health Insurance Association of America; Lara Laneri Keel, Texas Association of Business and Chambers of Commerce; David Pinkus, Small Business United of Texas; Mike Pollard, Texas Association of Life & Health Insurers

On — Deborah Berndt, Texas Department of Mental Health and Mental Retardation and Children’s Services

BACKGROUND: In 1997, the 75th Legislature enacted HB 1173 by Coleman, et al. to increase health benefit coverage for people with mental illness by requiring certain health maintenance organizations and group insurance plans to provide coverage for medical treatment of serious mental illnesses, including

depression in childhood and adolescence. This coverage did not extend to certain other serious mental illnesses in children.

DIGEST:

CSHB 1491 would add art. 21.53R to the Insurance Code to require a health benefit plan that provided benefits for medical or surgical expenses incurred as a result of a health condition, accident, or sickness plan to provide coverage for certain mental disorders in children. "Mental disorder" would be defined as a disorder identified in the fourth edition of the Diagnostic and Statistical Manual of Mental Disorders and would exclude substance abuse disorders or developmental disorders.

The bill would apply to various types of insurance plans, including group hospital service corporations, fraternal benefit societies, health maintenance organizations, small employer health benefit plans, and others.

The bill would require plans to provide diagnosis and treatment of these mental disorders for an enrollee who was younger than 19 years of age, as well as to provide coverage for inpatient stays and outpatient visits under the same terms and conditions as for a physical illness. Coverage could be provided under a managed care plan. The length of an inpatient stay or the number of outpatient visits could not be subject to an annual or lifetime limit.

The bill also would require coverage to be subject to the same amount limits, deductibles, copayments, and coinsurance factors as coverage for physical illness. The commissioner would adopt rules necessary for implementation.

CSHB 1491 would strike "depression in childhood and adolescence" from the list of defined, serious mental illnesses in Insurance Code, art. 3.51-14.

The Sunset Advisory Commission would have to conduct a study by September 1, 2006, to determine the impact of this bill's provisions on enrollee usage and the costs of required benefits. The commission would report its findings to the Legislature by January 1, 2007. The Texas Department of Insurance and any other state agency would have to cooperate with the commission as necessary to conduct the required study and report its findings.

SUPPORTERS
SAY:

CSHB 1491 would require health benefit plans to cover certain mental disorders in children at the same level they cover physical illnesses in children. Currently, if a child suffers from a stomach ache and needs to see a doctor, insurance will cover the ailment. However, if a child's stomach ache is brought on by severe anxiety or post-traumatic stress disorder from the parents' divorce, a death in the family, or from witnessing a tragedy, the child's insurance company will not cover treatment for the mental aspects of the illness, even if the child's family has paid insurance premiums faithfully over an extended period of time.

The families of children needing treatment for a mental disorder frequently must pay for that care out of their own pockets or find some alternative in order to obtain care their children need. Few families have sufficient funds to pay for such a crisis and often turn to an underfunded public mental health system, or their children go without necessary care. Since these children are not eligible for Medicaid, they receive little assistance from the public system and are delayed in returning to a healthy, functional life.

A report conducted through the Texas Department of Insurance in conjunction with the Joint Committee on Mandated Health Benefits states that mental health mandates only would raise premiums 1.6 percent for the entire population. Judging from that figure, the cost to cover certain mental disorders in children would be significantly less. The report also states that an initial jump in costs for mental health care would be followed by a future cost savings for insurance companies because of successful completion of treatment and reduction in other health care costs that could be affected by a serious mental illness.

Families who pay for insurance coverage should be able to obtain medically-necessary mental health coverage that their children might require. Insurance companies must stop discriminating between a child's brain and his body.

OPPONENTS
SAY:

As tragic as mental illness in children is, the Legislature should not mandate coverage of certain health benefits. Mandated coverage increases the cost and ultimately reduces the accessibility of health insurance. A study conducted through the Texas Department of Insurance in conjunction with the Joint Interim Committee on Mandated Benefits, found that only 13 of the mandates studied were responsible for increasing insurance costs 7 to 7.5

percent. Considering that Texas has 63 mandates on its books, CSHB 849's impact on the collective costs of mandated coverage in Texas could be significant.

Mandated coverage especially poses affordability problems for small businesses that provide insurance coverage for their employees. Many employers are experiencing double-digit increases in the costs of health insurance coverage. The more coverage an insurance company has to provide, the more expensive the benefits package. As mandates are imposed on insurers, these costs are shifted to employers. As a result, since 1996, 18 percent of small employers in Texas have dropped their health insurance benefits altogether. When insurance costs become out of reach, employers simply will quit providing any type of benefits.

NOTES:

The committee substitute added that a mental disorder could also be defined by a subsequent edition to the fourth edition of the Diagnostic and Statistical Manual of Mental Disorders, which the commissioner would adopt by rule. The committee substitute also required the Sunset Advisory Commission to conduct a study with the cooperation of the Texas Department of Insurance and any other state agency.

The companion bill, SB 806 by Van de Putte, was reported favorably, without amendment, by the Senate Business and Commerce Committee on April 27.