

# SENATE BILL REPORT

## SB 5446

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As Reported By Senate Committee On:  
Health & Long-Term Care, February 22, 2007

**Title:** An act relating to extending existing mental health parity requirements to individual and small group plans.

**Brief Description:** Extending existing mental health parity requirements to individual and small group plans.

**Sponsors:** Senators Keiser, Prentice, Brown, Kohl-Welles, Kline, Fairley, Tom, Murray, Rockefeller, Regala and Spanel.

**Brief History:**

**Committee Activity:** Health & Long-Term Care: 2/08/07, 2/22/07 [DPS, w/oRec].

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### SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

**Majority Report:** That Substitute Senate Bill No. 5446 be substituted therefor, and the substitute bill do pass.

Signed by Senators Keiser, Chair; Franklin, Vice Chair; Pflug, Ranking Minority Member; Fairley, Kastama, Kohl-Welles and Marr.

**Minority Report:** That it be referred without recommendation.

Signed by Senators Carrell and Parlette.

**Staff:** Mich'l Needham (786-7442)

**Background:** The 2005 Legislature passed a mental health parity bill requiring that coverage of mental health services be equal to coverage for other medical and surgical services, for commercial insurance policies covering more than 50 employees, and the public employees and Basic Health programs offered by the Health Care Authority. Requirements first became effective January 1, 2006, with additional phased-in requirements for maximum out-of-pocket limits, and a single deductible in 2008 and 2010, respectively.

Currently 48 states require some form of mental health parity for insurance coverage of mental health services, or have mental health mandates of some sort. Twenty states, including Washington, provide exemptions for some small groups, variably defined as under 50, 25, 20 or 15. In Washington small group policies are exempt from the required coverage, however insurance carriers are required to offer each small group optional supplemental coverage for mental health treatment.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

**Summary of Bill:** Effective January 1, 2008, insurance policies issued for all groups and individuals are required to include coverage for mental health services equal to coverage for other medical and surgical services. Policies offered by the Washington State Health Insurance Pool (WSHIP) are modified to include mental health services as any other covered service, and specific inpatient and outpatient day limits are removed. The requirement for insurance carriers to offer supplemental coverage to small groups is repealed.

**EFFECT OF CHANGES MADE BY RECOMMENDED SUBSTITUTE AS PASSED COMMITTEE (Health & Long-Term Care):** A technical correction to re-link covered services with the appropriate providers types is included.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:** PRO: Our current parity law does not protect the 540,000 residents covered by individual and small group plans. Milliman, Inc. conducted an independent actuarial analysis and concluded that adding mental health parity may increase the costs less than 1 percent for small group plans and just about 1 percent for the individual market. The savings in social costs and employer productivity would by far offset this cost. Employers would benefit when employees have the mental health services they need, with less absenteeism, fewer disability claims, and less productivity loss from depression and anxiety disorders. The first onset of mental health disorders is often in early adulthood, just as young adults age off their parents' policies and into the individual market where there is no coverage available.

CON: Adding benefit mandates just adds to employers costs. Those small employers that can afford the mental health coverage, do offer it now. Others don't offer it due to cost. Even a 1 percent increase matters, and we've seen estimates as high as 6 percent impact. Mental health parity does not solve the root problems. There is no evidence that any psychological treatment is effective or that drug treatment is not creating additional harm. Mandating coverage is just a bad way to design benefits. A delayed effective date would allow the carriers to adjust their claims systems. Perhaps the individual market requirement could apply just to comprehensive products.

**Persons Testifying:** PRO: Randy Revelle, Len McComb, Sean Corry, Washington Coalition for Insurance Parity; Lisa Stone, Northwest Women's Law Center; Tamara Alkire, Piano and Organ Moving Company; Seth Dawson, Washington State Psychological Association and Levine Associates; Lucy Homans, Washington State Psychological Association; Jonathan Rosenblum, Service Employees International Union 1199; Bill Daley, Washington Community Action Network; Donna Obermeyer, Washington State Special Education Coalition; Edie Cohen, nurse practitioner.

CON: Mellanie McAleenan, Association of Washington Business; Steve Pearce, Citizens Commission on Human Rights; Gary Smith, Independent Business Association; Nancy Wildermuth, Regence Blue Shield, Aetna and PacifiCare.