



CARL T.C. GUTIERREZ
GOVERNOR OF GUAM

Refer to
Legislative Secretary
DEC 18 1998

The Honorable Antonio R. Unpingco
Speaker
Mina'Bente Kuattro na Liheslaturan Guahan
Twenty-Fourth Guam Legislature
Guam Legislature Temporary Building
155 Hesler Street
Hagåtña, Guam 96910

OFFICE OF THE LEGISLATIVE SECRETARY
ACKNOWLEDGMENT RECEIPT
Delivered by <u>[Signature]</u>
Time <u>12:45 pm</u>
Date <u>12-21-98</u>

Dear Speaker Unpingco:

Enclosed please find Bill No. 649 (LS), "AN ACT TO ADD CHAPTER 28, DIVISION 2 OF TITLE 22 OF THE GUAM CODE ANNOTATED, RELATIVE TO REQUIRING PARITY IN HEALTH INSURANCE FOR MENTAL ILLNESS AND CHEMICAL DEPENDENCY", which I have signed into law today as Public Law No. 24-303.

This legislation continues the parity for insurance coverage for mental health conditions which is now contained in the federal Mental Health Parity Act of 1996, which will sunset on September 30, 2001.

This legislation states that coverage will be provided for both mental health needs and for chemical dependency treatment, but it is noted that treatment for chemical dependency will probably not be generally provided since the legislation states on page 6, lines 24 et seq.: "Coverage for chemical dependency treatment as described in this Section shall not be applicable to any group policy holder or group contract holder who rejects the coverage in writing."

The legislation will allow more adequate insurance coverage for mental health needs of our people, which is sorely needed. It is a step in the right direction.

Very truly yours,

[Signature]
Carl T. C. Gutierrez
I Maga'lahaen Guahan
Governor of Guam

Attachment: copy attached for signed bill
original attached for vetoed bill

01119

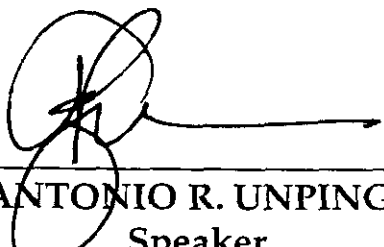
cc: The Honorable Joanne M. S. Brown
Legislative Secretary

Office of the Speaker
ANTONIO R. UNPINGCO
Date: 12/18/98
Time: 3:11
Rec'd by: [Signature]
Print Name: Laurel

MINA'BENTE KUATTRO NA LIHESLATURAN GUAHAN
1998 (SECOND) Regular Session

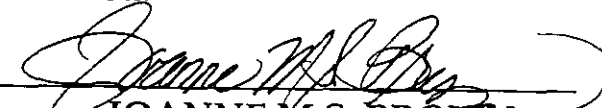
CERTIFICATION OF PASSAGE OF AN ACT TO I MAGA'LAHEN GUAHAN

This is to certify that Bill No. 649 (LS), "AN ACT TO ADD CHAPTER 28, DIVISION 2 OF TITLE 22 OF THE GUAM CODE ANNOTATED, RELATIVE TO REQUIRING PARITY IN HEALTH INSURANCE FOR MENTAL ILLNESS AND CHEMICAL DEPENDENCY," was on the 3RD day of December, 1998, duly and regularly passed.



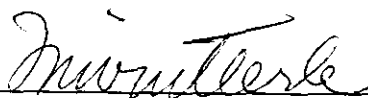
ANTONIO R. UNPINGCO
Speaker

Attested:



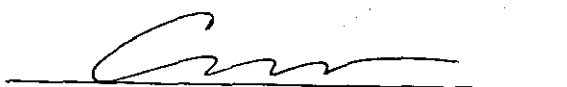
JOANNE M.S. BROWN
Senator and Legislative Secretary

This Act was received by *I Maga'lahaen Guahan* this 7th day of December, 1998,
at 1:20 o'clock P.M.



Assistant Staff Officer
Maga'lahaen's Office

APPROVED:



CARL T. C. GUTIERREZ
I Maga'lahaen Guahan

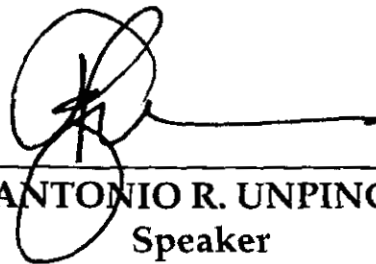
Date: 12-18-98

Public Law No. 24-303

MINA'BENTE KUATTRO NA LIHESLATURAN GUAHAN
1998 (SECOND) Regular Session


CERTIFICATION OF PASSAGE OF AN ACT TO I MAGA'LAHEN GUAHAN

This is to certify that Bill No. 649 (LS), "AN ACT TO ADD CHAPTER 28, DIVISION 2 OF TITLE 22 OF THE GUAM CODE ANNOTATED, RELATIVE TO REQUIRING PARITY IN HEALTH INSURANCE FOR MENTAL ILLNESS AND CHEMICAL DEPENDENCY," was on the 3RD day of December, 1998, duly and regularly passed.



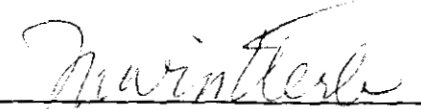
ANTONIO R. UNPINGCO
Speaker

Attested:



JOANNE M.S. BROWN
Senator and Legislative Secretary

This Act was received by I Maga'lahaen Guahan this 7th day of December, 1998,
at 1:30^{pm} o'clock P.M.



Assistant Staff Officer
Maga'laha's Office

APPROVED:

CARL T. C. GUTIERREZ
I Maga'lahaen Guahan

Date: _____

Public Law No. _____

**MINA'BENTE KUATTRO NA LIHESLATURAN GUAHAN
1998 (SECOND) Regular Session**

Bill No. 649 (LS)

As amended on the Floor.

Introduced by:

L. A. Leon Guerrero
V. C. Pangelinan
T. C. Ada
F. B. Aguon, Jr.
A. C. Blaz
J. M.S. Brown
Felix P. Camacho
Francisco P. Camacho
M. C. Charfauros
E. J. Cruz
W. B.S.M. Flores
Mark Forbes
L. F. Kasperbauer
A. C. Lamorena, V
C. A. Leon Guerrero
J. C. Salas
A. L.G. Santos
F. E. Santos
A. R. Unpingco
J. T. Won Pat

**AN ACT TO ADD CHAPTER 28, DIVISION 2 OF
TITLE 22 OF THE GUAM CODE ANNOTATED,
RELATIVE TO REQUIRING PARITY IN HEALTH
INSURANCE FOR MENTAL ILLNESS AND
CHEMICAL DEPENDENCY.**

1 **BE IT ENACTED BY THE PEOPLE OF GUAM:**

1 **Section 1. Legislative History and Intent.** Health plans have
2 traditionally provided lower annual and lifetime limits for mental health care
3 than for other benefits for three (3) basic reasons. First, there is a wide
4 disparity in treatment plans for the same mental health condition which could
5 impact on cost. These treatment differences can be contrasted with more
6 standard treatment plans for physiological diseases and surgery. Second,
7 there is a belief that benefit limitations are part of the cure. Third, there is a
8 reluctance among plan sponsors to pay for long-term psychiatric therapy
9 treatment for a small group of workers who may never fully recover.

10 In passing the Mental Health Parity Act of 1996, Congress rejected the
11 above-cited arguments. The new law now prohibits any group health plan or
12 health insurance company from establishing a lesser annual or lifetime limit
13 for mental health care than it does for any other condition. This "leveling-up"
14 of the mental health maximums takes effect with plan years on or after
15 January 1, 1998. There are major exceptions contained in the law which will
16 limit its impact on most employer-sponsored health plans.

17 It also contains a sunset provision that is effective September 30, 2001.
18 After the later date, health plans and health insurance companies will again
19 be free to provide different annual and lifetime caps for mental health care
20 than for other covered services. This "leveling-up" provision is further
21 constrained by its exclusive application to mental health care. Substance
22 abuse benefits are *not* covered by this provision and may still have different
23 limits than other covered services.

24 Moreover, health plans and insurance companies are still free to define
25 the amount, duration and scope of mental health benefits under the plan. The

1 only exception is that mental health annual and lifetime caps must be leveled
2 up to the limits that apply to other surgical/medical benefits in the plan. This
3 means that health plans may still be able to provide unlimited benefits for all
4 covered services, but limit the number of visits (duration) and the plan
5 payment for each mental health visit.

6 No requirement is made for any employer or health plan to provide
7 mental health benefits. The law only provides that *if* a health plan provides
8 mental health benefits, it cannot have different annual and lifetime caps than
9 other benefits under the plan.

10 After reviewing the experience of both private companies and States
11 that have adopted parity for mental health benefits, the National Institute of
12 Mental Health ("NIMH") recently issued a comprehensive report stating that
13 nondiscriminatory mental health care, "results in lowered costs and lower
14 premiums, or, at the most, very modest cost increases, within the first year of
15 parity implementation."

16 Moreover, NIMH specifically found that its research does *NOT* support
17 assertions, made by some big business groups, that "high financial costs" will
18 result from parity because they are using outdated assumptions. Since the
19 projected cost of parity is THE issue at both the state and national level, the
20 NIMH study is particularly significant.

21 **Section 2.** Chapter 28 is hereby *added* to Division 2 of Title 22 of the
22 Guam Code Annotated to read as follows:

23 **"CHAPTER 28.**

1 **PARITY IN HEALTH INSURANCE FOR**
2 **MENTAL ILLNESS AND CHEMICAL DEPENDENCY.**

3 **Section 28101. Standard Health Plan to Equally Provide for**
4 **Treatment of Mental Illness and Chemical**
5 **Dependency.**

6 **Section 28102. Coverage For Chemical Dependency**
7 **Treatment.**

8 **Section 28103. No Discrimination Against the Mentally Ill and**
9 **Chemically Dependent.**

10
11 **Section 28101. Standard Health Plan to Equally Provide for**
12 **Treatment of Mental Illness and Chemical Dependency. A**
13 standard health plan developed and approved under Guam law shall
14 provide coverage for the treatment of chemical dependency and mental
15 illness that is at least equal to the basic coverage offered.

16 **Section 28102. Coverage for Chemical Dependency Treatment.**

17 (a) As used in this Section, the term 'chemical
18 dependency' means the pathological use or abuse of alcohol or
19 other drugs in a manner, or to a degree, that produces an
20 impairment in personal, social or occupational functioning and
21 which may, but need not, include a pattern of tolerance and
22 withdrawal.

23 (b) Every insurer that writes a policy or contract of group
24 or blanket health insurance or group or blanket accident and
25 health insurance that is issued, renewed or amended on or after

1 January 1, 1999, shall offer to provide to its insureds benefits for
2 the necessary care and treatment of chemical dependency that are
3 not less favorable than benefits for physical illness generally.
4 *Except* as provided in Subsection (c) of this Section, benefits for
5 treatment of chemical dependency shall be subject to the same
6 durational limits, dollar limits, deductibles and coinsurance
7 factors as are benefits for physical illness generally.

8 (c) Every group policy or group contract of insurance that
9 provides benefits for chemical dependency treatment *and* that
10 provides total annual benefits for all illnesses in excess of Eight
11 Thousand Dollars (\$8,000.00) is subject to the following
12 conditions:

13 (1) the policy or contract shall provide, for each
14 twelve (12) month period, a minimum benefit of Eight
15 Thousand Dollars (\$8,000.00) for the necessary care and
16 treatment of chemical dependency; *and*

17 (2) the policy or contract shall provide a minimum
18 benefit of Sixteen Thousand Dollars (\$16,000.00) for the
19 necessary care and treatment of chemical dependency for
20 the life of the policy or contract.

21 (d) Provisions for benefits for necessary care and
22 treatment of chemical dependency in group policies or group
23 contracts of insurance shall provide benefit payments for the
24 following providers of necessary care and treatment of chemical
25 dependency:

1 (1) Units of a general hospital:

2 a. chemical dependency units in facilities;

3 b. medical units;

4 c. psychiatric units; *and*

5 (2) The following facilities or programs:

6 a. chemical dependency units in psychiatric
7 hospitals;

8 b. chemical dependency hospitals;

9 c. residential chemical dependency treatment
10 facilities;

11 d. social setting detoxification facilities or
12 programs;

13 e. medical detoxification or programs; *and*

14 (3) duly licensed physicians and duly licensed
15 practicing psychologists and certified professionals working
16 under the direct supervision of such physicians or
17 psychologists in facilities described in Items (1) and (2)
18 above, and in day/night programs or outpatient treatment
19 facilities.

20 Provided, however, that nothing in this Subsection shall prohibit
21 any policy or contract of insurance from requiring the most cost
22 effective treatment setting to be utilized by the person undergoing
23 necessary care and treatment for chemical dependency.

24 (e) Coverage for chemical dependency treatment as
25 described in this Section shall *not* be applicable to any group

1 policy holder or group contract holder who rejects the coverage in
2 writing.

3 **Section 28103. No Discrimination Against the Mentally Ill and**
4 **Chemically Dependent.**

5 (a) As used in this Section, the term:

6 (1) '*Mental illness*' has the same meaning as defined
7 in §86102 of Title 10 of the Guam Code Annotated; *and*

8 (2) '*Chemical dependency*' has the same meaning as
9 defined in Substance-Related Disorders, a diagnosis found
10 in the Diagnostic and Statistical Manual of Mental Disorders
11 DSM-IV, or any subsequent edition of this manual.

12 (b) No insurance company licensed on Guam shall, solely
13 because an individual to be insured has or had a mental illness or
14 chemical dependency:

15 (1) refuse to issue or deliver to that individual any
16 policy that affords benefits or coverages for any medical
17 treatment or service for physical illness or injury;

18 (2) have a higher premium rate or charge for
19 physical illness or injury coverages or benefits for that
20 individual; *or*

21 (3) reduce physical illness or injury coverages or
22 benefits for that individual.

23 (c) Every insurer that writes a policy or contract of group
24 or blanket health insurance or group or blanket accident and
25 health insurance that is issued, renewed or amended on or after

1 January 1, 1999, shall provide to its insureds benefits for the
2 necessary care and treatment of mental illness that are *not* less
3 favorable than benefits for physical illness generally. Benefits for
4 treatment of mental illness shall be subject to the same durational
5 limits, dollar limits, deductibles and coinsurance factors as are
6 benefits for physical illness generally.”

7 **Section 3. Effective Date.** This Act becomes effective January 1, 1999,
8 and applies to all policies or contracts issued, renewed or amended on or after
9 that date.

10 **Section 4. Severability.** *If* any provision of this Law or its
11 application to any person or circumstance is found to be invalid or contrary to
12 law, such invalidity shall *not* affect other provisions or applications of this
13 Law which can be given effect without the invalid provisions or application,
14 and to this end the provisions of this Law are severable.



MINA'BENTE KUATTRO NA LIHES .TURAN GUAHAN

Office of the Vice Speaker

ANTHONY C. BLAZ

Chairman,
Finance & Taxation

July 27, 1998

Chairman,
Ethics & Standards

The Honorable Speaker Antonio R. Unpingco
Mina'Bente Kuattro na Liheslaturan Guahan
155 Hesler Street
Hagatna, Guam 96910

Vice-Chairman,
Committee on Rules

Member,
Judiciary, Public Safety &
Consumer Protection

Member,
Natural Resources

Member,
Tourism, Economic
Development, & Cultural
Affairs

Member,
Transportation,
Telecommunications &
Micronesian Affairs

Member,
Guam Finance
Commission

Member,
Commission on Self
Determination

Dear Mr. Speaker:

The Committee on Finance and Taxation, to which was referred *Bill No. 649(LS)*, "*An act to require parity in health insurance for mental illness and chemical dependency*", herein reports back with the recommendation **TO DO PASS Bill No. 649(LS)**.

Votes of the committee members are as follows:

- 9 To Pass
- Not to Pass
- To Place in Inactive File
- Abstain
- Off-Island
- Not Available

A copy of the committee's report and other pertinent documents are enclosed for your reference and information.


ANTHONY C. BLAZ

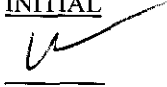

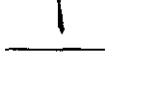
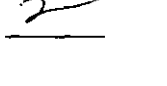
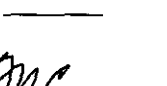

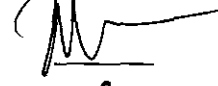

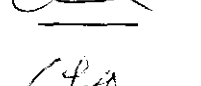
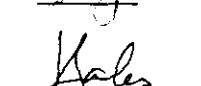



attachments

COMMITTEE ON FINANCE & TAXATION
MINA'BENTE KUATTRO NA LIHESLATURAN GUÅHAN
 155 Hesler Street, Hagåtña, Guam 96910

Chairman: Vice Speaker Anthony C. Blaz Vice Chairman: Senator Mark Forbes
Ex-Officio Member: Speaker Antonio R. Unpingco

VOTING SHEET ON:

Bill No. 649(LS) "An act to require parity in health insurance for mental illness and chemical dependency".

<u>COMMITTEE MEMBERS</u>	<u>INITIAL</u>	<u>TO PASS</u>	<u>NOT TO PASS</u>	<u>ABSTAIN</u>	<u>TO PLACE IN INACTIVE FILE</u>
Sen. Anthony C. Blaz <i>Chairman</i>		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sen. Mark Forbes <i>Vice-Chairman</i>		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Spkr. Antonio R. Unpingco <i>Ex-Officio Member</i>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sen. Thomas C. Ada <i>Member</i>		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sen. Joanne M.S. Brown <i>Member</i>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sen. Mark Charfauros <i>Member</i>		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sen. Edwardo J. Cruz <i>Member</i>		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sen. William B.S.M. Flores <i>Member</i>		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sen. Lawrence F. Kasperbauer <i>Member</i>		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sen. Alberto A.C. Lamorena, V <i>Member</i>		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sen. Carlotta A. Leon Guerrero <i>Member</i>		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sen. John C. Salas <i>Member</i>		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sen. Francis E. Santos <i>Member</i>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



Committee on Finance & Taxation

Vice Speaker Anthony C. Blaz, Chairman

Committee Report

Bill No. 649 (LS)

"An Act to require parity in health insurance for mental illness and chemical dependency."

**Committee on Finance and Taxation
Committee Report on Bill No. 649 (LS)**

**AN ACT TO REQUIRE PARITY IN HEALTH INSURANCE FOR
MENTAL ILLNESS AND CHEMICAL DEPENDENCY.**

PUBLIC NOTICE:

Pursuant to the requirements of Public Law 24-139, notice of the public hearing on Bill No. 649 (LS) was published in the Pacific Daily News on July 18, and July 21, 1998.

PUBLIC HEARING:

The Committee on Finance and Taxation conducted a public hearing on July 22, 1998 at 1:30 PM in the I Liheslaturan Guåhan Public Hearing Room to hear testimonies on Bill No. 649 (LS).

COMMITTEE MEMBERS PRESENT:

The hearing was called to order by the Chairperson of the Committee on Finance and Taxation, Vice Speaker Anthony C. Blaz. The following Committee members were present:

Senator Antonio R. Unpingco, Ex-Officio Member
Senator Eduardo Cruz
Senator Lawrence Kasperbauer
Senator Carlotta Leon Guerrero
Senator John Salas
Senator W.B.S.M. Flores

Other Senators Present:

Senator Frank B. Aguon, Jr.
Senator Francisco P. Camacho
Senator Lou Leon Guerrero
Senator vicente c. pangelinan

PROVIDING PUBLIC TESTIMONY:

Rodney Priest, UOG

Aurora Cabanero, Deputy Director, DMH&SA

Ron San Nicolas, Guam Alliance for Mental Health

Bernie Grajek

BACKGROUND:

Aurora Cabanero, Deputy Director, DMH&SA, supports Bill 649 (LS). The impact of this bill is minimal, as the additional cost to the overall health care package would only be a small percentage. Treatment of mental health and substance abuse in the long run reduces overall health care costs; it also improves general productivity and safety in the workplace. She provided data to support her position.

Ron San Nicolas, Guam Alliance for Mental Health, supports Bill 649 (LS). He lauds the sponsors of the bill and stresses the “precedence for ending the discrimination against people with treatable brain disorders in Guam”. And to deny treatment of brain disorders is insurance discrimination.

Rodney Priest, UOG, supports Bill 649 (LS).

Mr. Davis, Staywell, stated that “there is no free lunch”, and that small profit margins will get smaller, as additional coverages are provided.

Senator Lou Leon Guererro emphasized to Mr. Davis that mental illness and chemical dependency insurance coverage has been long overdue; our people have suffered too long.

FINDINGS:

The Committee finds that:

The Mental Health Parity Act of 1996, passed by the federal government recognizes the past injustices for those individuals with brain disorders by prohibiting any group health plan or health insurance company from establishing a lesser annual or lifetime limit for mental health care than it does for any other condition. The Committee concurs.

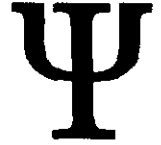
COMMITTEE RECOMMENDATIONS:

The Committee, having conducted a sufficient hearing, does hereby recommend to the Liheslåturan Guåhan to do pass Bill No. 649(LS) AN ACT TO REQUIRE PARITY IN HEALTH INSURANCE FOR MENTAL ILLNESS AND CHEMICAL DEPENDENCY.



**DEPARTMENT OF MENTAL HEALTH AND SUBSTANCE ABUSE
DIPATTAMENTON SALUT HINASSO YAN ABUSON AMOT**

790 Gov. Carlos G. Camacho Road
Tamuning, Guam 96911
Telephone: (671) 647-5045/5330 • Fax: (671) 649-6948



CARL T.C. GUTIERREZ
Governor of Guam

MADELEINE Z. BORDALLO
Lieutenant Governor

JOHN W. LEON GUERRERO
Director

AURORA F. CABANERO, MD
Deputy Director

JUL 22 1998

DMHSA 98-7040

Anthony C. Blaz
Chairman, Committee on Finance and Taxation
Twenty-Fourth Legislature
155 Hesler St., Hagatna, Guam 96910

Re: Bill 649 - Parity in Health Insurance for Mental Illness and Chemical Dependency

Dear Senator Blaz,

Hafa Adai! The Department of Mental Health and Substance Abuse supports Bill 649 which promotes parity in health insurance for treatment of mental illness and chemical dependency.

The impact of implementing this program is likely to be minimal as the cost would likely be but a small percentage of the total Health Care package. Attached are some documents provided to us by the National Association of State Mental Health Program Directors outlining studies done on the national level on the effects of parity mandates. What has been demonstrated in many other studies throughout time, however, is the well known fact that attention to, and provision of mental health and substance abuse treatment results in reduced overall health care costs and improves general productivity and safety in the workplace. The impact of implementation of this program, viewed this way, is tremendously understated.

This initiative fosters improved accessibility to treatment options in the private sector. It also helps to alleviate the burden of treatment costs from individuals themselves as well as from government (which historically has limited resources and hence, limited services).

Since the Mental Health Parity Act of 1996, was passed by Congress, we can expect that Federal funding sources will continue to look at how our community is handling this parity issue. Besides support for this current local legislation, Department of Mental Health and Substance Abuse looks forward to assistance and attention to the whole arena of ensuring parity for children in health coverage.



Commonwealth Now!

DMHSA 98-7040

Re: Bill 649 - Parity in Health Insurance for Mental Illness and Chemical Dependency

Page 2

Dangkolo Na Si Yu'os Ma'ase for the opportunity to comment on this very important legislation.

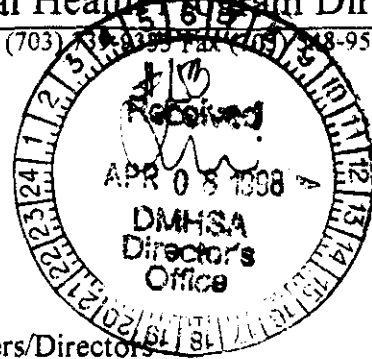
Sincerely yours,


AURORA F. CABANERO
Deputy Director



National Association of State Mental Health Program Directors

66 Canal Center Plaza, Suite 302, Alexandria VA 22314 (703) 739-9333 Fax (703) 739-9517



MEMORANDUM

March 26, 1998

Board of Directors

A. Kathryn Power
President
Rhode Island

Roy C. Wilson, M.D.
President-Elect
Missouri

Meredith Alden, Ph.D., M.D.
Past-President
Utah

Don A. Gilbert, M.B.A.
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Tom Barrett, Ph.D.
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Colorado

Carlos Brandenburg, Ph.D.
Nevada

John N. Bryant
Florida

Charles G. Curie
Pennsylvania

Marylou Sudders
Massachusetts

Robert W. Glover, Ph.D.
Executive Director

Noel A. Mazade, Ph.D.
Executive Director
NASMHPD Research Institute, Inc.

TO: State Mental Health Commissioners/Directors
FROM: Jenifer Urff, J.D., Director of Government Relations
RE: SAMHSA Report on Mental Health and Substance Abuse Parity

I thought you might be interested in the attached Press Release and Fact Sheet announcing the findings of a new study on mental health and substance abuse parity by the Substance Abuse and Mental Health Services Administration (SAMHSA).

The study, released last Tuesday, estimates that full parity for mental health and substance abuse services in a tightly managed private health insurance plan would increase premiums by less than 1 percent. The study also found that full parity across a composite of health plans (traditional fee-for-service, Preferred Provider Organizations, and Health Maintenance Organizations) would increase premiums by less than 4 percent.

If you have questions or would like a copy of the full report, please call me at (703) 739-9333 x34.

TO	INITIAL	DATE
DOP		4/1/98
DIP		
EDWARD		
SRB		
FILES		

cc: [unclear]
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FOR IMMEDIATE RELEASE

March 24, 1998

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New Study Examines Expansion of Mental Health/Substance Abuse Insurance Benefits

Rockville, Md.--A new study released today by the Substance Abuse and Mental Health Services Administration (SAMHSA) estimates that full parity for mental health and substance abuse services in private health insurance plans that tightly manage care would increase family insurance premiums less than one percent.

The premium increase for a composite of health plans that reflect insurance coverage nationwide (e.g., Fee For Service, Preferred Provider Organization, Health Maintenance Organization) would average 3.6 percent. In this composite, parity limited to substance abuse treatment only would raise premiums 0.2 percent, while parity for mental health services only would raise premiums by 3.4 percent.

The estimated premium increase varies greatly depending on the extent to which the plan utilizes managed care. For example, full mental health and substance abuse parity is estimated to increase premiums by 5.0 percent in fee-for-service plans.

"Mental and addictive disorders are among the most prevalent and most often neglected health problems in our Nation. Almost a third of all people ages 15-54 experience one or more mental or addictive disorders in a given year, and just under one half experience one or more during their lifetimes," said Nelba Chavez, Ph.D., SAMHSA's Administrator. "All Americans need to know that appropriate mental health services and drug and alcohol treatment programs improve lives and increase productivity. Yet, health insurance plans typically provide less coverage for mental health and substance abuse treatment than for general medical and surgical services. Equal access to these services is a sound, rational investment."

The study, *The Cost and Effects of Parity for Mental Health and Substance Abuse Insurance Benefits*, provides a literature review on mental health and substance abuse parity, discusses state parity laws, includes case study reports from five states with parity laws, and estimates premium increases for full and partial parity options. The study was guided by an advisory panel consisting of representatives of the mental health and substance abuse fields, federal government agencies, employers, insurers and managed care organizations. A second expert panel consisting of actuaries and economists provided technical advice for the cost estimates.

In the study, "full parity" means that insurance benefits for any group of mental health and substance abuse diagnoses are the same as insurance benefits for medical/surgical diagnoses with respect to cost sharing, service limits, and annual or lifetime spending limits.

SAMHSA's Center for Mental Health Services (CMHS) Director, Bernard S. Arons, M.D., said: "We commissioned this study to learn more about the effects of state parity mandates, and to provide improved estimates of the costs of parity, based on recent data and the best advice of actuaries and economists. The new data will provide us, along with legislative staffs and others, a foundation for the development of future policies related to health insurance benefits.

Acting Director of SAMHSA's Center for Substance Abuse Treatment (CSAT) Camille Barry, Ph.D., R.N., noted that "seventy three percent of current drug users are employed. Treatment of drug and alcohol problems not only reduces drug use, but leads to increased productivity and better physical and mental health. Providing parity for substance abuse treatment in family health insurance coverage is both affordable and a very smart investment."

Key findings from the study are:

- State parity laws have had a small effect on premiums. The increases in cost have been the lowest in systems with tightly managed care and generous baseline benefits.
- Employers have not attempted to avoid parity laws by becoming self-insured. None of the employers studied identified their state parity laws as a consideration to self-insure.
- Based on an updated actuarial model, full parity for mental health and substance abuse services is estimated to increase premiums an average of 3.6 percent. Increases for mandates limited to parity in cost sharing or service limits will be lower. (See table below)

Average Premium Increase Due to Parity			
Type of Service	Parity in Cost Sharing	Parity in Service Limits	Full Parity
MH/SA	0.4%	1.2%	3.6%
MH only	0.3%	1.1%	3.4%
SA only	0.1%	0.03%	0.2%

States and the Federal government have begun to require that mental health and substance abuse services are treated the same way as other medical care. The "Mental Health Parity Act," passed by Congress in 1996, and signed into law by President Clinton, became effective on January 1, 1998. The legislation requires health plans to provide the same annual and lifetime limits for mental health benefits as they do for other health care benefits. In addition to the federal legislation, 84 parity bills were introduced in 37 states during 1997, some of which included substance abuse services.

SAMHSA, a public health agency within the U.S. Department of Health and Human Services, is the federal government's lead agency for improving the quality and availability of substance abuse prevention, addiction treatment, and mental health services in the United States.

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New Study Examines Expansion of Mental Health/Substance Abuse Insurance Benefits

Health plans offered by employers typically provide less coverage for mental health and substance abuse (MH/SA) treatment than for general medical and surgical services. States and the federal government have begun to require that mental health and/or substance abuse treatment be covered in the same way as other medical care. This concept is known as "parity."

In 1996, Congress passed and President signed the Mental Health Parity Act. Effective January 1, 1998, this law requires that health plans provide the same annual and lifetime limits for mental health benefits as they do for other health care benefits. The act does not affect service limits, such as limits on outpatient visits, or cost sharing, such as deductibles. Nor does it apply to substance abuse benefits.

States have mandated parity, as well. By September 1997, 12 states had passed laws that, to various degrees, require parity in mental health and/or substance abuse benefits. Others have enacted

legislation conforming to the federal mandate.

Opinion differs as to the costs and effects of parity mandates. This study was designed to address these issues by:

- summarizing the characteristics of state parity laws,
- conducting detailed case studies of five states with such laws,
- analyzing previous actuarial estimates of the costs of parity, and
- providing updated estimates of premium increases due to full and partial parity.

Following are the key findings of the study. Please see the full text for the specific context of each finding.

Key Findings

- **Most State parity laws are limited in scope or application.** Few address substance abuse treatment, and many are limited to treatment for serious mental illnesses. Many exempt small employers or only apply to plans for government employees.

- **State parity laws have had a small effect on premiums.** Cost increases have been lowest in systems with tightly managed care and generous baseline benefits.

- **Employers have not attempted to avoid parity laws by becoming self-insured, and they do not tend to pass on the costs of parity to employees.** The low costs of adopting parity allows employers to keep employee health care contributions at the same level they were before parity.

- **Costs have not shifted from the public to the private sector.** Most people who receive publicly funded services are not privately insured.

- **Previous actuarial predictions of premium increases due to MH/SA parity ranged from 3.2 percent to 11.4 percent, primarily due to differences in their assumptions.** Some of these assumptions may have limited support. For instance, some estimates have assumed a cost shift

from the public to the private sector as a result of a parity mandate. This study did not find support for this assumption, however.

- Based on an updated actuarial model, full parity for mental health and substance abuse services is estimated to increase premiums by 3.6 percent, on average. Mental health care accounts for most of this increase. Increases for mandates limited to parity in cost sharing or service limits will be lower (see table below).

- Premium increases vary by type of plan. Fee-for-service and preferred provider organizations would have a 5 percent premium increase. In contrast, health maintenance organizations that tightly manage care would have only a 0.6 percent premium increase.

- Projected premium increases do not reflect potential market responses. For example, employers might contract with more managed care firms to manage MH/SA benefits under a parity mandate. This employer

response would result in lower premium increases.

- Premium increases are greater for plans that are limited to children. Under the Balanced Budget Act of 1997, states will receive block grant funds to fund health insurance for uninsured, low-income children. Including parity in these plans will likely increase premiums more than that for an equivalent plan for adults and families. However, these differences are minimal for services provided within health maintenance organizations.

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SA only	0.1%	0.03%	0.2%

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July 22, 1998

Committee on Finance & Taxation
Vice Speaker Anthony C. Blaz
Mina' Bente Kuatro Na Lisheslaturan Guahan
155 Hessler St.
Hagatna, Guam 96910

Re: Testimony Related to Bill 649

Dear Honorable Senator Blaz,

I am submitting written testimony in support of Bill 649: *An act to require parity in health insurance for mental illness and chemical dependency*. My written testimony is also being given in my capacity as the reorganizer of the Guam Alliance for Mental Health, Inc. (GAMHI). GAMHI is a nonprofit organization that supports and advocates for the improvement in the quality of life for Guam's mental health patients, their caregivers, and families. On behalf of Guam's mental health patients and families, I commend and thank Senators Leon Guererro, Pangelinan and Ada for introducing this landmark parity legislation and setting precedence for ending the discrimination against people with treatable brain disorders in Guam.

It's time for policy and health insurance companies to respond to the scientific discoveries of recent years. Through important scientific breakthroughs, it is irrefutable that severe mental illnesses and brain disorders such as schizophrenia, panic disorder, obsessive-compulsive disorder, bipolar disorder, and major depression, are physical disorders like Parkinson's and Alzheimer's disease. It is also scientifically clear that brain disorders are not caused by bad character, poor child-rearing, or an individual's behavior. And it's morally repugnant to "blame" people for being affected by brain disorders.

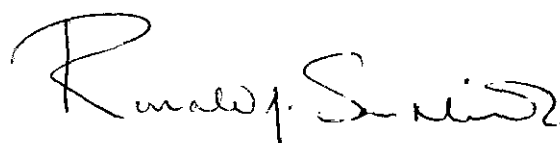
Individuals with brain disorders currently face serious discrimination, which exacts a significant human and financial toll. For example, recent research studies show that health insurance companies offer fewer benefits for brain disorders than for

other physical conditions. At the same time research has shown that typical hospitalizations are unlimited for other physical disorders while it is limited to 30 - 60 days for a brain disorder. In terms of outpatient treatment, visits are unlimited for physical conditions, while visits for brain disorders are often limited to 20 times per year. This discrimination and increased financial burdens often prevent individuals with brain disorders from getting the treatment they need.

We would never tolerate the categorical denial of people's access to the latest treatments for heart disease or cancer. Why then should we deny people access to psychiatric treatment? We shouldn't deny access to people who have a physical disorder which affects the brain. The brain deserves the same respect as the heart or any other organ. To deny treatment of brain disorders is a blatant insurance discrimination.

Providing parity, for health insurance coverage for brain disorders makes economic sense. Recent research studies show that (1) treatment of brain disorders is highly effective, (2) the cost of insuring persons with brain disorders is minimal if not the same as other physical disorders, and (3) the overall costs for society will be reduced. Research studies repeatedly have shown that granting access to medical treatment for biologically based mental illness results in little to no increase in the premium costs. It is also well known that not treating mental illness can result in millions of dollars of lost productivity and earnings, and premature death.

I call on our elected officials to end insurance discrimination against people with brain disorders and pass Bill 649 without delay. We cannot in good conscience allow individuals and families struggling with mental illness to continue one day longer without the protection afforded to others with equally debilitating physical illnesses. If Bill 649 is not passed, this legislature will be turning their backs on families in our community who are directly affected by mental illness. Passage of Bill 649 will ensure that families who are faced with the onset of a mental illness will receive treatment and guarantee that every person is provided with the opportunity to lead a productive and fulfilling life. Thank you for hearing and accepting my testimony.



Ronald John San Nicolas



MINA' BENTE KUÁTRO NA LIHESLATURAN GUÁHAN
Committee on Finance & Taxation
Vice Speaker Anthony C. Blaz, Chairman

Public Hearing
Wednesday, July 22, 1998
Public Hearing Room
155 HESLER ST., HÁGAT'NÁ, GUAM 96910

AGENDA

- **PROPOSED AMENDMENTS TO THE GUAM BOARD OF ACCOUNTANCY RULES AND REGULATIONS**
- **BILL 648:** AN ACT TO AUTHORIZE THE GOVERNOR OF GUAM TO SELL AN ABANDONED PRE-WAR BULL-CART TRAIL IN THE MUNICIPALITY OF TAMUNING.
- **BILL 649:** AN ACT TO REQUIRE PARITY IN HEALTH INSURANCE FOR MENTAL ILLNESS AND CHEMICAL DEPENDENCY.
- **BILL 653:** AN ACT TO ADOPT THE RULES AND REGULATIONS FOR SOLID WASTE COLLECTION, DISPOSAL, PROCESSING, AND RECYCLING FOR THE DIVISION OF SOLID WASTE MANAGEMENT OF THE DEPARTMENT OF PUBLIC WORKS.
- **BILL 654:** AN ACT TO AUTHORIZE AND APPROPRIATE MONEY FROM THE GENERAL FUND TO THE GUAM MASS TRANSIT AUTHORITY FOR THE PURPOSES OF PURCHASING PASSENGER BUSES, MINI BUSES AND MINI VANS FOR THE SERVICIO PARA I MANAMKO (SPIMA) PROJECT OF THE GOVERNMENT OF GUAM ASSOCIATION OF RETIRED PERSONS (GGARP).
- **BILL 675:** AN ACT TO APPROPRIATE FROM THE MANPOWER DEVELOPMENT FUND TO THE DEPARTMENT OF ADMINISTRATION FOR WORKER'S COMPENSATION COMMISSION LIABILITY OF THE GOVERNMENT OF GUAM.
- **BILL 700:** AN ACT TO AMEND CHAPTER 12, TITLE 12 GCA AND TO ADD NEW SECTIONS 32604 TO ARTICLE 6, CHAPTER 32, TITLE 5, GCA MANDATING THAT OVERALL OPERATIONS AND RATES CHARGED BY CABLE OPERATORS SHALL BE UNDER THE OVERSIGHT, SUPERVISION AND APPROVAL OF THE PUBLIC UTILITIES COMMISSION.
- **BILL 701:** AN ACT TO ADD NEW PROVISIONS TO SECTION 7, P.L. 24-171, THE "I TANO'-TA LAND USE PLAN", RELATIVE TO AUTHORIZING UNEXPENDED FY '98 FUNDS FOR IMPLEMENTATION OF THE PLAN TO BE CARRIED OVER TO 1999.
- **BILL 702:** AN ACT TO ESTABLISH A SPECIAL FUND TO BE USED BY THE GOVERNMENT OF GUAM FOR THE COLLECTION AND DISTRIBUTION OF APPROPRIATED FUNDS FOR COMPETITIVE INTERSCHOLASTIC ACTIVITIES. THIS SPECIAL FUND SHALL BE KNOWN AS THE "INTERSCHOLASTIC PARITY FUND," AND SHALL BE USED TO PROVIDE PARITY TO COMPETITIVE INTERSCHOLASTIC ACTIVITIES BASED ON ACADEMIC ACHIEVEMENT.
- **BILL 703:** AN ACT TO APPROPRIATE FUNDS TO THE DEPARTMENT OF PARKS & RECREATION OFF-ISLAND SPORTS TRAVEL FUND TO SUBSIDIZE THE COST OF AIR TRAVEL FOR THE GUAM NATIONAL BASEBALL TEAM.
- **BILL 705:** AN ACT TO AUTHORIZE THE GOVERNOR OF GUAM TO SELL AN ABANDONED PRE-WAR BULL-CART TRAIL IN THE MUNICIPALITY OF DEDEDO.

Pacific Daily News
Tuesday, July 21, 1998



NOTICE OF PUBLIC HEARING

Committee on Finance & Taxation Vice Speaker Anthony C. Blaz
MINA BENTE KUÁTRO NA LIHESLATURAN GUÅHAN
155 HESLER ST. HÅGAT NÅ, GUAM 96910

WEDNESDAY JULY 22, 1998, 1:30 PM
I LIHESLATURAN GUÅHAN, PUBLIC HEARING ROOM

PROPOSED AMENDMENTS TO THE GUAM BOARD OF ACCOUNTANCY RULES AND REGULATIONS

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The Public is invited to Attend and present written and/or oral testimony.
Contact the Office of Vice-Speaker Anthony C. Blaz at 472-3557/58/60

Pacific Daily News
Saturday, July 18, 1998



NOTICE OF PUBLIC HEARING

Committee on Finance & Taxation Vice Speaker Anthony C. Blaz

MINA' BENTE KUÁTRO NA LIHESLATURAN GUÅHAN
155 HESLER ST. HÅGAT'NÅ, GUAM 96910

WEDNESDAY JULY 22, 1998, 1:30 PM

I LIHESLATURAN GUÅHAN, PUBLIC HEARING ROOM

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