



June 5, 2009

To: House Health Care Committee

From: Teresa Miller, Acting Administrator, Insurance Division

Subject: Senate Bill 1 (2005 Session), Mental Health Parity Data Call Report

Senate Bill 1 requires that group health insurance policies provide treatment benefits for chemical dependency and for mental or nervous conditions at the same level and subject to limitations no more restrictive than those imposed for treatment of other medical conditions. The legislation prohibits specific visit limits for mental health treatment not required for other medical conditions and eliminates differences in co-payments, coinsurance, deductibles, maximum out of pocket expenses, and lifetime maximum benefits for chemical dependency and mental health or nervous condition treatments that were previously permitted.

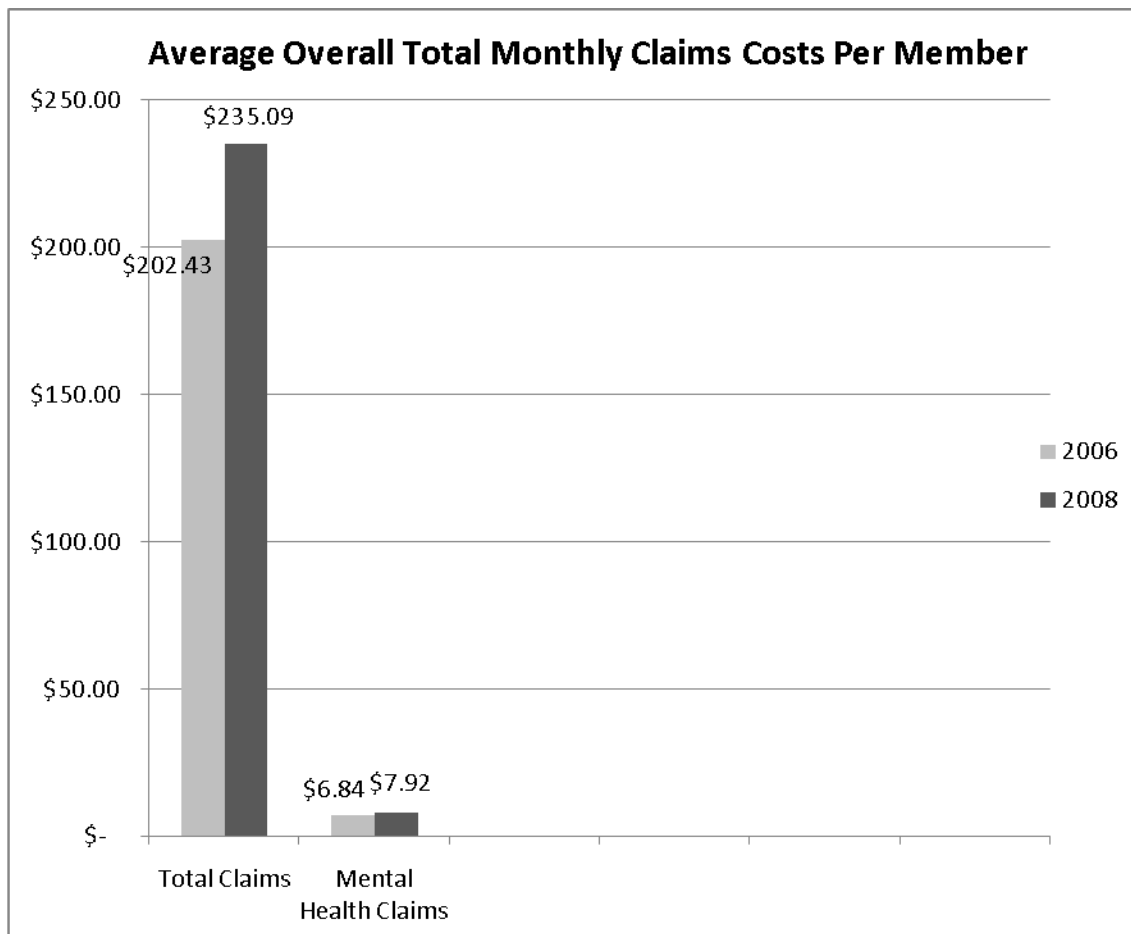
Oregon has required mental health benefits for group insurance plans since 1975. In 1987, Oregon combined mental health and chemical dependency coverage laws and established separate dollar limits for adults and children. By 1998, all insurers offering group health benefit plans used durational limits, thereby limiting the number of mental health visits they covered. In 1999, Oregon increased the minimum dollar coverage requirements by 25%. After this increase, chemical dependency treatment and mental health care were required for a number of visits that equaled \$13,125 for adults and \$15,625 for children under 18 years old. Until passage of Senate Bill 1, insurers were permitted to carve out and not cover mental health prescription medications even when prescriptions were covered for other medical conditions.

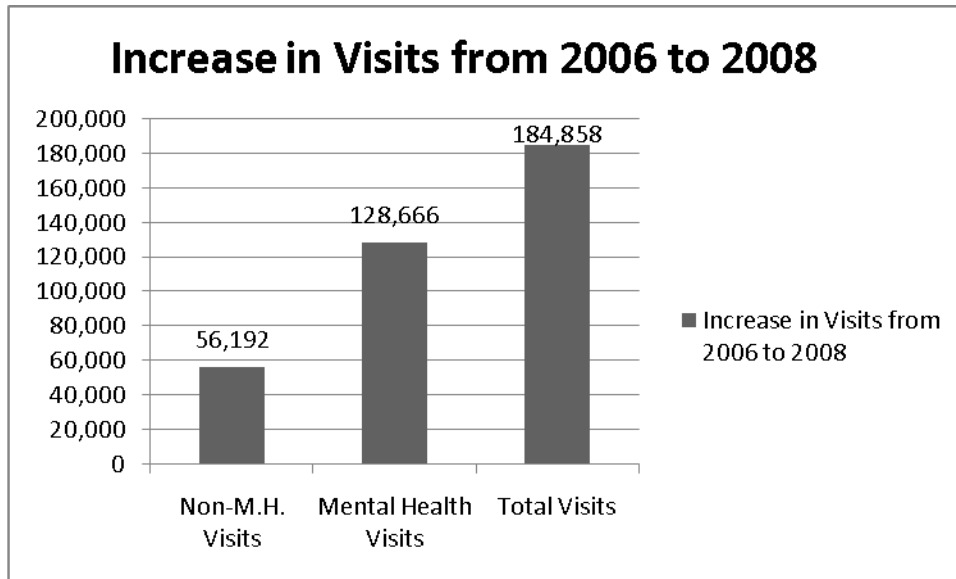
Senate Bill 1, codified at ORS 743A.168, was passed by the 2005 Oregon Legislative Assembly and became effective January 1, 2007 or the first policy renewal date thereafter. In passing Senate Bill 1, Oregon joined 32 other states that have enacted mental health parity laws and 14 additional states that have expanded mental health coverage.

On September 16, 2008, the Insurance Division of the Department of Consumer and Business Services testified before the House Interim Committee on Health Care regarding Senate Bill 1. The Committee expressed interest in the impact of mental health parity on insurance rates. At the time the Division presented its testimony, we were in the process of collecting mental health claims, chemical dependency claims, and overall claims cost data from ten of the larger insurers that write health insurance in Oregon. The data we collected compares 2006 claims, those made before Senate Bill 1 took effect, with 2008 claims, claims made after the effective date of the

legislation. Pharmacy benefits were not included in the data we collected, and the effect of other factors such as medical inflation, changes in patient demographics, and changes in environment such as local economic conditions were not quantified. These and other factors could impact the data discussed in this report.

In summary, the data collected by the Insurance Division of the Department of Consumer and Business Services show that while the number of mental health and chemical dependency (collectively “mental health” unless noted otherwise) visits has increased significantly from 2006 to 2008, accounting for nearly 70% of the increase in total healthcare visits, there appears to be relatively little impact to total healthcare claims costs. From 2006 to 2008, the average overall total monthly amount paid by insurers and insureds for all claims, including both medical claims and mental health claims, per member increased from \$202.43 to \$235.09, a total difference of \$32.66 or approximately 16%. Mental health claims costs rose an average of \$1.08 per month during this same period, which is approximately 3% of the total increase in the overall monthly cost for all claims. The graph below depicts the changes in monthly claims costs for total claims and mental health claims from 2006 to 2008.





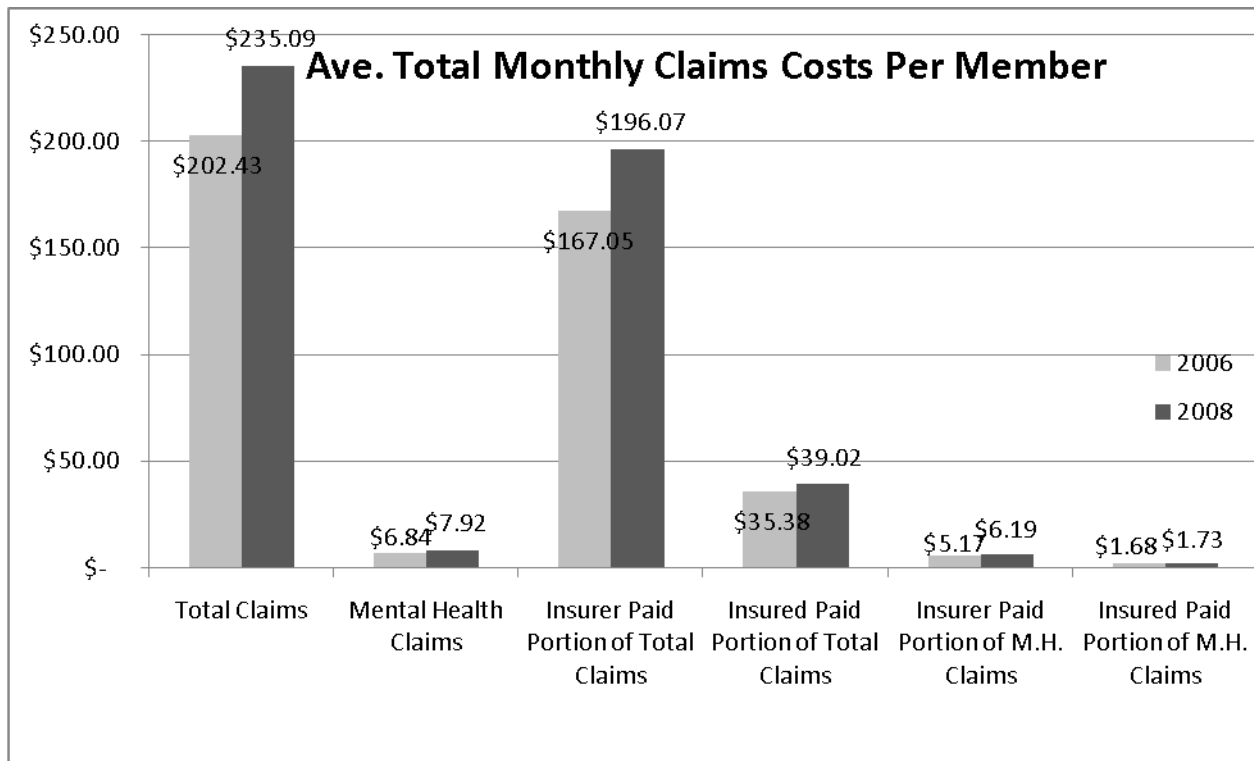
As the graph above demonstrates, the number of mental health visits increased by 128,666, or approximately 16% from 2006 to 2008. Despite this increase, mental health costs remained at a constant 3.4% of total healthcare claims costs. The fact that mental health and chemical dependency claims remained consistent from 2006 to 2008 may suggest that Senate Bill 1 has not had a significant impact on overall health insurance claims expenses. However, this may simply result from the fact that the increase in the cost of mental health and chemical dependency claims is small monetarily and that these claims represent only a relatively small percentage of total healthcare claims costs. Consequently, year to year fluctuations may bear little relationship to long-term cost drivers.

In conclusion, although the data may suggest that Senate Bill 1 has had a significant impact on increased access to mental health and chemical dependency care without having much of an impact on costs, whether and to what extent this increase in access is directly attributable to Senate Bill 1 is unknown. The data collected and reviewed in this report can be subject to varying interpretations, and whether the short-term trends suggested by the data will continue in the long-term remains to be seen.¹ The Insurance Division of the Department of Consumer and Business Services welcomes additional review of, and comment on, the data.

¹ A more detailed discussion of the data as well as several tables comparing additional data collected by the Insurance Division can be found in the attached appendix. These comparisons include the average claim amounts paid per visit by treatment type, the shares paid by the insured by claim type, the percent of visits by claim type, the frequency of visits per member per month by claim type, and more.

Appendix to Senate Bill 1 Report²

From 2006 to 2008, the average overall total monthly amount paid by insurers and insureds for all claims, including both medical claims and mental health claims, per member increased from \$202.43 to \$235.09, a total difference of \$32.66 or approximately 16%. Of the monthly average total paid in 2008, insurers paid \$196.07, an increase of \$29.02 or approximately 17% from 2006, while insureds paid \$39.02, an average monthly increase of \$3.64, or approximately 10% from 2006. From 2006 to 2008, the total average monthly costs paid for mental health claims rose from \$6.84 to \$7.92, an increase of \$1.08, or 16%.³ The increase in the cost of mental health claims amounts to approximately 3% of the total increase in the overall monthly cost for all claims. Of the total mental health costs paid in 2008, insurers paid an average of \$6.19 per member per month, an increase of \$1.02, or approximately 20% from 2006, while insureds paid an average of \$1.73 per month, an increase of \$.05, or approximately 3% from 2006. The graph below depicts the change in overall total monthly amounts paid by insurers and insureds for claims from 2006 to 2008.



² Percentages found in the text are rounded to the nearest whole number or tenth of a percent.

³ From 2006 to 2008, total average monthly chemical dependency claims costs decreased from \$1.48 to \$1.36, an average decrease of \$.12, or approximately 8%.

In both 2006 and 2008, mental health claims accounted for approximately 3.1% of the total cost of insurers' healthcare claims. In 2006, these claims accounted for 4.7% of the total cost of insureds' healthcare claims, and in 2008, these claims accounted for 4.4% of the total cost of patients' healthcare claims. Despite the increases in the cost of mental health claims noted in the paragraph above, the fact that mental health and chemical dependency claims remained consistent relative to total healthcare claims costs may suggest that Senate Bill 1 has not had a significant impact on overall health insurance claims expenses. However, drawing such a conclusion may be unwarranted, because mental health and chemical dependency claims comprise only a small part of overall healthcare claims costs. As a result, year to year fluctuations may bear little relationship to long term cost drivers.

Table I below shows the change in the number of visits by claim type. From 2006 to 2008, total claim visits for all treatments (medical, mental health, chemical dependency, etc.) rose by 184,458, an increase of 1.8%. Mental health and chemical dependency visits (128,666) comprise nearly 70% of this increase. Although the data might suggest that Senate Bill 1 has had a significant impact on increased access to mental health and chemical dependency care, whether and/or to what extent this increase in visits is directly attributable to Senate Bill 1 is unknown.

Table I – Number of visits by claim type

Year	Mental health	Chemical Dependency	Total Claims
2006	601,935	73,641	10,347,330
2008	709,492	94,750	10,531,788
Change	107,557	21,109	184,458
%Change from 2006 to 2008	17.9%	28.7%	1.8%
% of Total Change	58.3%	11.4%	N/A

Table II below shows the number of visits by facility for inpatient mental health (treatment for fewer than 45 days), residential mental health (treatment for 45 days or more), and residential chemical dependency treatment (treatment for 45 days or more) claims. While the number of inpatient mental health claims decreased by 6.2% and the number of residential mental health claims decreased by 30%, the number of residential chemical dependency claims increased by 70%. These significant differences in utilization statistics are interesting; however, they indicate that there is no readily determinable trend apparent in the data.

Table II – No. of Visits by Facility

Year	Inpatient	Resident	Resident
	M H	M H	Chem Dep
2006	5,999	33,330	4,869
2008	5,629	23,360	8,257
Change	(370)	(9,970)	3,388
Percent Change	-6.2%	-29.9%	69.6%

In conclusion, the data collected by the Insurance Division of the Department of Consumer and Business Services show that while the number of mental health and chemical dependency visits has increased significantly from 2006 to 2008, accounting for nearly 70% of the increase in total healthcare visits, there appears to be relatively little impact to total healthcare claims costs. Mental health costs remained at a little over 3.1% of insurers' total healthcare claims costs, and insureds actually saw a small decrease in the relative percentage of overall costs attributable to mental health claims. This may result from the fact that the increase in the cost of mental health and chemical dependency claims is small monetarily and that these claims represent only a relatively small percentage of total healthcare cost claims. Whether the short-term trends suggested by the data will continue in the long-term remains to be seen.

SB 1 Data Call - Claims and Visits

I. Average overall monthly paid per member

Year	Mental Health			Chemical Dependency			All Claims		
	insurer	insured	total	insurer	insured	total	insurer	insured	total
2006	4.03	1.33	5.36	1.15	0.33	1.48	167.05	35.38	202.43
2008	5.14	1.42	6.56	1.05	0.31	1.36	196.07	39.02	235.09
Change	1.11	0.09	1.20	(0.10)	(0.02)	(0.12)	29.02	3.64	32.66
Percent Change	27.5%	6.8%	22.4%	-8.7%	-6.1%	-8.1%	17.4%	10.3%	16.1%

II. Relative share of total claims paid

Year	Mental Health			Chemical Dependency			Mental Health & Chemical Dep		
	insurer	insured	overall	insurer	insured	overall	insurer	insured	overall
2006	2.4%	3.8%	2.6%	0.7%	0.9%	0.7%	3.1%	4.7%	3.4%
2008	2.6%	3.6%	2.8%	0.5%	0.8%	0.6%	3.1%	4.4%	3.4%
Percent Change	0.2%	-0.2%	0.2%	-0.2%	-0.1%	-0.1%	0.0%	-0.3%	0.0%

III. Patient Share by Claim Type

Year	Mental Health	Chemical Dependency	All Claims
2006	24.8%	22.3%	17.5%
2008	21.6%	22.8%	16.6%
Percent Change	-3.2%	0.5%	-0.9%

IV. Average paid claim amount per visit

Year	Mental Health			Chemical Dependency			All Claims		
	insurer	insured	total	insurer	insured	total	insurer	insured	total
2006	110.48	36.49	146.97	258.83	73.68	332.51	266.49	56.45	322.94
2008	120.31	33.26	153.56	183.73	53.94	237.67	309.26	61.55	370.81
Change	9.83	(3.23)	6.60	(75.10)	(19.74)	(94.84)	42.77	5.10	47.87
Percent Change	8.9%	-8.9%	4.5%	-29.0%	-26.8%	-28.5%	16.0%	9.0%	14.8%

V. Number of visits by claim type

Year	mental health	Chemical Dependency	Total Claims
2006	601,935	73,641	10,347,330
2008	709,492	94,750	10,531,788
Change	107,557	21,109	184,458
%Change from 2006 to 2008	17.9%	28.7%	1.8%
Percent Change from Total	58.3%	11.4%	N/A

VI. Frequency - visits per member month

Year	mental health	Chemical Dependency	Total Claims
2006	3.6%	0.4%	62.7%
2008	4.3%	0.6%	63.4%
Difference	0.7%	0.2%	0.7%

VII. Percent of visits by claim type

Year	mental health	Chemical Dependency
2006	5.8%	0.7%
2008	6.7%	0.9%
Difference	0.9%	0.2%

SB1 Data Call - Inpatient and Residential Mental Health and Res. Chem. Dependency

I. Average monthly paid per member

Year	Inpatient Mental Health			Residential Mental Health			Residential Chemical Dependency		
	insurer	insured	total	insurer	insured	total	insurer	insured	total
2006	0.80	0.12	0.93	0.35	0.15	0.51	0.32	0.07	0.39
2008	1.00	0.14	1.14	0.31	0.09	0.39	0.48	0.11	0.59
Change	0.20	0.02	0.21	(0.04)	(0.06)	(0.10)	0.16	0.04	0.20
% Change	25.0%	16.7%	22.6%	-11.4%	-40.0%	-20.0%	50.0%	57.1%	51.3%

II. Share of Total Claims Paid

Year	Inpatient Mental Health			Residential Mental Health			Residential Chemical Dependency		
	insurer	insured	total	insurer	insured	total	insurer	insured	total
2006	0.48%	0.35%	0.83%	0.21%	0.44%	0.65%	0.19%	0.19%	0.38%
2008	0.51%	0.35%	0.86%	0.16%	0.22%	0.38%	0.24%	0.27%	0.51%
% Change	0.03%	0.0%	0.03%	-0.05%	-0.22%	-0.27%	0.05%	0.08%	0.13%

III. Patient Share by Claim Type

Year	Inpatient	Resident	Resident
	M H	M H	Chem Dep
2006	13.5%	30.6%	17.3%
2008	12.1%	22.3%	18.1%
Percent Change	-1.4%	-8.3%	0.8%

IV. Average paid claim amount per visit

Year	Inpatient Mental Health			Residential Mental Health			Residential Chemical Dependency		
	insurer	insured	total	insurer	insured	total	insurer	insured	total
2006	2,204.19	343.28	2,547.46	174.07	76.72	250.80	1,090.60	228.36	1,318.96
2008	2,947.38	407.31	3,354.69	217.59	62.31	279.90	962.25	213.12	1,175.37
Change	743.19	64.03	807.23	43.52	(14.41)	29.10	(128.35)	(15.24)	(143.59)
Percent Change	33.7%	18.7%	31.7%	25.0%	-18.8%	11.6%	-11.8%	-6.7%	-10.9%

V. Number of visits by facility

	Inpatient	Resident	Resident
Year	M H	M H	Chem Dep
2006	5,999	33,330	4,869
2008	5,629	23,360	8,257
Change	(370)	(9,970)	3,388
Percent Change	-6.2%	-29.9%	69.6%

VI. Frequency - visits per member month

	Inpatient	Resident	Resident
Year	M H	M H	Chem Dep
2006	0.04%	0.20%	0.03%
2008	0.03%	0.14%	0.05%
Percent Change	-0.01%	-0.06%\$	0.02%

VII. Percent of visits by facility

	Inpatient	Resident	Resident
Year	M H	M H	Chem Dep
2006	0.1%	0.3%	0.05%
2008	0.1%	0.2%	0.08%
Percent Change	0.0%	-0.1%	0.03%