



Florida House of Representatives

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Dear Representative

RE: HB# 7

The Mental Health “Parity” Bill – HB7 has been filed for consideration to help the employers and employees who own/work for businesses with less than 50 employees. This bill mirrors the federal parity bill that applies to all employers whose companies have 50 or more employees. Since all federal insurance plans (Medicare, Medicaid, VA, DOD, TriCare, and the Federal Employees Benefit Plan) all include mental health “Parity”, more than 75% of the Florida population already has this benefit. Our state statues do have rather generous provisions for mental health, but treatment options are still restricted and are not on “Par” with physical illness. 46 other states have passed bills like HB 7 and it is time that we give this benefit to the remaining 25% of the adult working population that work for small businesses in Florida.

Our state health insurance plan managed by DMS and BC/BS is anticipating a 9.5% increase this year. Because our state employs more than 50 people we are included in the federal Mental Health Parity “Mandate”. According to the national actuarial firm hired by DMS only 0.27% of the increase is due to the Parity mandate for the PPO contract and only 0.23% for the HMO contract. This will add approximately \$1.57 per member per month of the \$68 monthly premium increase.

I can't figure out why the insurance industry in the past has been so against this bill when they write policies in the 46 other states where “Parity” has passed. Their argument that they can't ‘spread the risk’ in the small group market makes no sense when auto insurance is sold to groups of 1. To suggest that the ‘risk’ is different between large and small employers would suggest that large employers screen out / fire employees with mental problems and that these individuals can only work for small businesses. This is not true and is an illogical argument.

In fact, it is even more important from a financial “bottom line” standpoint for a small business to have mental health benefits than a large employer because each employee is so critical to the operation of the company. If one person in a 5 person company is absent or working at less than full capacity, then the work output diminishes 20%. In a 50 person company it would require 10 people being sick at the same time to have an equal 20% loss, and this is not a likely event.

The effects of just ‘depression’ in the workplace has been studied extensively and I have included just one of the articles with this letter which is a review of the EMPLOYERS HEALTH COALITION study of the cost effectiveness of treating depression in the workplace. The study was done in conjunction with USF over 8 years with 9 companies and 24,000 employees. This exhaustive study found that on any given day 10% of the workforce was suffering from depression and that in those persons they weren’t working at full capacity 6 days out of 20. They were at work 5 of those 6 days but working less than usual which is called “*Presenteeism*” (at work but not working productively). 1 day out of 20 they couldn’t get into work at all (known as “*Absenteeism*”). According to the USF calculations there was \$787 in lost productivity per employee per year. This loss occurred in both small and large companies as ‘depression’ problems are spread out fairly evenly across the population. The impact of this loss however, was far greater on the smaller companies.

Upon reviewing their own data, the companies instituted mental health benefits in their health package. An extra 40% of workers not previously known to have a mental health problem availed themselves of this added benefit, and even with that, the lost productivity days dropped from 6 per month to 2.5 per month. The insurance companies that participated in this study and that are aware of the results were Aetna, Cigna, Humana, United, and BC/BS. 20 disease categories (asthma, hypertension, diabetes, arthritis, etc, etc.) were studied and treating depression gave the biggest ROI of any disease. For comparison in second place, optimizing the treatment of diabetes produced savings of only \$164 per employee per year compared to \$787 per employee per year for depression.

On my website: www.edhoman.com are 157 articles from such research institutions as Harvard, MIT, Johns Hopkins, Yale, the RAND Corp, the CBO, and many many more. All of these studies and the actuarial firm of Milliman, Inc., who does the actuarial work for our DMS and for most health insurance companies, have researched the topic of “Mental Health Parity” from every angle. They come to the same conclusion: that the economic benefits to *any* size company’s bottom line far outweigh the minimal cost increase of the total health premium.

46 states have enacted "Parity" legislation over the last decade and every state's experience is that group policy premiums go up less than 1%. The reasons stated are that people with mental health problems have 2-4 times the number of other health problems than the normal population and that with treatment of their mental problems their general health improves with accrued savings offsetting any increase in premium for the mental health benefit. Also, most states allow managed care of the mental health benefit package which is included in this bill. As a safeguard for the doubters of the published results in other states, this bill allows a company to "opt out" if the insurance premium increases more than 2% because of inclusion of the mental health benefits. No other state has reversed course and no one has lost their health insurance because of the mental health "Parity" benefit. The four states waiting to join in the rest of the country are Florida, North Carolina, Wyoming, and Washington.

This session the economy is the issue and how the economy affects our state is the problem. Our job as legislators is to make policy changes that will stimulate the business community to reverse this downward spiral. We have to search for ways to economically increase productivity, "How to get the biggest Bang for the Buck". How can we help businesses, not just the state government, get the most out of their employees and their capital.

I have given copies of all of the literature on my website to the opponents of this bill and I have asked them to bring me contrary data as to why anyone would vote against this economic stimulus bill. *"In God we Trust, the rest bring data"*. After 3years I still do not have any data or articles from the insurance industry or business community that give a counter argument. The opposition position is that expanding mental health benefits from their current limits is a "mandate" and that *the insurance industry is always against "mandates"*. To them, discussion of that position is not an option.

I ask that you support and co-sponsor this very good economic "Stimulus" bill to help our small businesses increase the productivity of their employees. The payback on the less than 1% additional premium is 7 to 1 to the bottom line. Let's get past pretending that these problems don't exist and let's pass this bill to make a huge difference in the lives of so many people and the success of so many businesses in our state.

Sincerely,

A handwritten signature in black ink that reads "Ed Homan". The signature is written in a cursive, flowing style.

Representative Ed Homan, MD
Chairman, House Health and Family Services Policy Council