



Hundredth Legislature - First Session - 2007
Introducer's Statement of Intent
LB 647

Chairperson: Rich Pahls
Committee: Banking, Commerce and Insurance
Date of Hearing: February 27, 2007

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

LB 647 requires that when a health insurance plan in the State of Nebraska provides coverage for a diagnosis of a physical illness, it must provide at least the same level of coverage for the diagnosis of a behavioral health illness, including mental and substance abuse illnesses.

In 1999 the Nebraska Legislature passed a minimal mental health parity law that required coverage of major mental disorders but did not include coverage for substance abuse illnesses. The law at the time was considered a first step on the way to Nebraska stopping the discrimination in health insurance coverage between a physical health diagnosis and a behavioral health diagnosis

In 2006, the Nebraska Legislature appropriated \$50,000 for an actuarial study to determine costs associated with implementation of a law requiring full behavioral health parity in Nebraska. The study was directed to better understand parity's financial impact on insurance carriers as more and more patients accessed services in public health plans, including the Medicaid system.

The actuarial study found that instituting full parity could potentially increase premiums by 0.6% or \$1.85 per member per month. For every 100,000 fully insured lives, out of pocket costs are estimated to drop by \$780,000 annually.

Additionally, increasing benefits for behavioral health services may result in cost offsets from other physical health services – particularly visits to primary care physicians and emergency rooms. These costs could drop \$.14 to \$.27 per member per month.

In 1999, the U.S. Surgeon General reported that the indirect cost of all mental illness imposed a nearly \$79 billion loss on the U. S. economy. Most of that amount (\$63 billion) was in the loss of productivity in the home and workplace

Principal Introducer:

Senator Joel T. Johnson