

Covering Mental Health – The Costs to Business and Society

Mental and behavioral health issues continue to be a significant business challenge for employers. Mental disorders are the leading cause of disability in the United States and Canada for people ages 15 to 44 years.ⁱ Behavioral health disorders are also associated with more days of work loss and work impairment than many other chronic conditions (i.e., diabetes, asthma, and arthritis).ⁱⁱ Unfortunately, insurance companies have been reluctant to consider mental illness on par with physical ones. Meanwhile, public funding for mental health is being cut at state and local levels. The result is a society lacking access to mental health services, costing our economy billions. This Brief will analyze these costs, look at cuts within Florida, and offer potential solutions.

Employers

Serious Mental Illness (SMI), which afflicts about 6% of American adults, costs society \$193.2 billion in lost earnings per year according to a national study.ⁱⁱⁱ This report calculated severe mental illness, defined as disorders such as schizophrenia, bi-polar disorder and major depressive disorders. Short-term mental illnesses like depression cost employers about \$23.8 billion a year in absenteeism and decreased productivity.^{iv} More than one in four American adults suffers from some form of short-term mental disorders in any given year. Short-term mental illnesses are a leading cause of disability among U.S. workers under the age of 45.

For businesses, mental health is the biggest reason for absenteeism, yet many people with mental disorders are getting no help. In 2005, research by Ronald Kessler, PhD, Harvard Professor of Health Care Policy, showed that 60% of Americans with any kind of mental disorders received no treatment at all. According to the Department of Health and Human Services, companies that proactively address overall mental health in the workplace can realize significant benefits. Mental health-friendly practices can increase productivity, reduce insurance costs, and improve retention. They can, in fact, affect the entire culture of the company.

Insurance Coverage

According to Florida Law, insurers and HMOs must make available, for an appropriate additional premium to a group policyholder (e.g., the employer), coverage for mental and nervous disorders. Coverage must include at least 30 days of in-patient coverage and at least \$1,000 per year for outpatient benefits for consultations with a licensed physician, psychologist, mental health counselor, marriage and family therapist, or clinical social worker.

Yet, with rising health care premiums, many employers are opting to not include this type of coverage in their insurance package. For those who do provide coverage, \$1,000 per year can go quickly when the average cost for an outpatient visit is \$100 an hour. Health insurance exchanges mandated by the Affordable Care Act will include mental health and substance abuse disorder services in the 10 categories of essential health benefits. The type of coverage will vary from state to state and within the exchanges.

In 2010, The Departments of Health and Human Services, Labor and the Treasury jointly issued new rules providing parity for consumers enrolled in group health plans who need treatment for mental health or substance use disorders. The new rules prohibit group health insurance plans—typically offered by employers—from restricting access to care by limiting benefits and requiring higher patient costs than those that apply to general medical or surgical benefits. The rules implement the Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act of 2008 (MHPAEA).

MHPAEA greatly expands on an earlier law, the Mental Health Parity Act of 1996, which required parity only in aggregate lifetime and annual dollar limits between the categories of benefits and did not extend to substance use disorder benefits.

These acts were designed to help solve some of these problems, but it is undetermined how long it will take parity to be achieved.

Government Funding

Florida is the second to last state in the country when it comes to per capita funding for mental health services. Of the 325,000 people with persistent and severe mental illness, only 42 percent receive treatment. In 2010, the State Legislature cut adult community mental health funding, children's mental health funding, and adult substance abuse services by more than \$18 million.

Communities pay a high price for cuts of this magnitude. Lack of mental health services is associated with higher crime and homelessness. Rather than saving states and communities' money, these cuts to services simply shift financial responsibility to emergency rooms, community hospitals, law enforcement agencies, correctional facilities and homeless shelters.

Categories of Innovation

The Commonwealth Fund encourages state and county decision makers to look at six categories of innovation when considering options for designing or modifying existing policy and programs around mental health services. These six categories include:

- **Enhancing consumer-centered care.** In consumer-centered care, services are more explicitly tailored to individual needs, delivered in a way that is sensitive, and allows for greater control in the type of services received, locations, and providers.
- **Criminal justice/mental health collaboration.** Jails and prisons have become a *de facto* component of the nation's inpatient behavioral health system, housing more individuals with mental health and substance abuse needs than psychiatric hospitals. Programs that use criminal

A Mental Health-Friendly Workplace Described by Department of Health and Human Services as:

- Includes health care that treats mental illnesses with the same urgency as physical illnesses.
- Has programs and practices that promote and support employee health-wellness and/or work-life balance.
- Provides training for managers and front-line supervisors in mental health workplace issues.
- Safeguards confidentiality of employee health information.
- Provides an Employee Assistance Program or other appropriate referral resources to assist managers and employees.
- Supports employees who seek treatment.
- Ensures "exit with dignity" as a corporate priority, should it become essential for an employee to leave employment.
- Provides all-employee communication regarding equal opportunity employment, the reasonable accommodations policy of the Americans with Disabilities Act.

justice diversion and re-entry strategies can help avoid unnecessary criminalization and the extended incarceration of non-violent adult and juvenile offenders with mental illnesses.

- **System integration.** To combat issues of fragmentation, some states have initiated projects that provide for a coordinated system of care and a blended funding arrangement. Integrating service systems, however, is a massive undertaking, involving multiple players, agencies, legislative mandates, providers, and funding sources.
- **Performance incentives.** Many states use contracting methods that either reimburse costs or set fixed prices. More recently, however, states have begun developing ways of using performance incentives. In human services, performance can be defined in relation to services performed by the contractor or to outcomes achieved by clients.
- **Quality improvement.** While all the innovations are intended to improve quality, the projects in this section are explicitly intended to improve the way in which particular state agencies perform their own functions or encourage their contracted providers to perform. The ultimate goal is to improve the care clients receive, as well as their clinical and functional outcomes.

Positioning mental health at the heart of public health policy is essential for the health and well-being of the nation. Improving mental health early in life can reduce inequalities, improve physical health, reduce health-risk behaviors, and increase life expectancy, economic productivity, social functioning and quality of life. Policymakers, employers, insurers and providers all have a role to play in improving the mental and physical health of the population.

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ⁱ The World Health Organization. The World Health Report 2004: Changing History, Annex Table 3: Burden of disease in DALYs by cause, sex, and mortality stratum in WHO regions, estimates for 2002. Geneva, Switzerland: World Health Organization; 2004

ⁱⁱ Kessler RC, Greenberg PE, Mickelson KD, Meneades LM, Wang PS. The effects of chronic medical conditions on work loss and work cutback. *J Occup Environ Med.* Mar 2001;43(3):218-225

ⁱⁱⁱ American Journal of Psychology – May 2008

^{iv} Gabriel, P. & Liimatainen, M. (2000). Mental health in the workplace. Geneva: International Labor Office