

Alaska State Legislature

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Senator Bettye Davis

SB 52 27-LS0081 - The Alaska Mental Health Insurance Parity Act

TITLE: "An Act requiring health care insurers to provide coverage for treatment of mental health conditions, and requiring parity between health care insurance coverage for mental health, alcoholism, and substance abuse benefits and other medical care benefits; eliminating different treatment for mental health conditions from the minimum benefits of the state health insurance plan; removing an exclusion for mental health services or alcohol or drug abuse from the definition of 'basic health care services' in the law relating to health maintenance organizations; repealing a definition of 'mental health benefits' that excludes treatment of substance abuse or chemical dependency; and providing for an effective date."

SPONSOR STATEMENT

This bill amends several sections of Alaska's health insurance code to require that health care insurers provide full "parity," i.e., equal insurance coverage, or the same financial and treatment coverage for mental health conditions including alcohol and substance abuse as other physical illnesses. This bill expands on state compliance under HB 222 in 2009 with newly enacted federal parity law, the "*Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act*" of 2008. That Act also applies to all Children's Health Insurance Programs and became effective April 1, 2009.

Historically, health insurers have been reluctant to cover mental health and substance abuse services on the same basis as general medical and surgical services. During the 1980s many states required insurers to provide coverage for mental health services and to offer freedom of choice among providers. However, concerns about the adequacy of this coverage persisted because insurers imposed increased cost sharing or restrictive benefit limits. This led to more federal and state intervention on behalf of consumers.

While current federal law does not mandate that group plans must provide mental health coverage, if they do, they must provide the same financial and treatment coverage offered for other physical illnesses. This bill differs from federal law in that it does mandate that "a health care insurer which offers, issues for delivery, delivers, or renews a health care insurance plan to an employer or individual on a group or individual basis shall provide coverage for treatment of a mental health condition." Coverage of mental health conditions includes alcoholism and drug abuse as defined in the American Psychiatric Association's *Diagnostic and Statistical Manual of Mental Disorders*.

This bill also requires parity with respect to all financial aspects including lifetime or annual limits, deductibles, copayments, coinsurances, benefits limitations with a \$1,500 yearly maximum plus the deductible. It does not provide similar federal small business and business cost exemptions.

Self-funded health care plans are not state-regulated private “insurance” company plans and they usually are entirely exempt from state regulation because they are preempted by the federal ERISA law. Self-funded plans include the largest employers and the “Alaska Care” state health plan. The State Division of Insurance reportedly has not enforced insurance laws on the Alaska’s union health trusts, and the Division’s ability to do so is subject to legal debate. State laws generally do not apply to federally funded public programs such as Medicaid, Medicare and the Veterans Administration.

While the private insurers in Alaska have complained that insurance mandates only apply to about 40% of the insured in Alaska, voluntary compliance by large self-funded plans greatly increases this number. The self-funded state health plan historically has matched state mandates for private insurers, even though the state is not legally required to do. Currently, 46 states have passed some type of parity laws, the majority of which go beyond the federal mandate, including 28 that require full parity for mental health benefits. 38 states include coverage for substance abuse, alcohol or drug addiction.