

New Jersey Public Advocate Ronald K. Chen
Testimony Before a Congressional Panel on Mental
Health Parity, Trenton N.J. , February 26, 2007

Congressman Pallone, Congressman Kennedy and Congressman Ramstad, thank you for inviting me to speak at your forum today and for taking the time to travel to our Statehouse to discuss the important issue of parity for mental health and substance abuse disorders.

The Department of the Public Advocate strongly supports enacting a parity bill that will help the citizens of New Jersey to get the healthcare they need.

Our current law only requires coverage of biologically-based illnesses, which leaves a huge gap in coverage for thousands of New Jerseyans and discriminates against people with certain mental health conditions. . This law, in fact, was recently challenged for failing to provide coverage for people with autism. The court decided in favor of the parents of a boy who required treatment for autism.

This is not something the courts should be deciding, however. On a purely humane level, it is unconscionable to expect people to endure mental illness when these diseases can and must be treated. We must stop stigmatizing people who suffer from mental health and substance abuse conditions.

So we are very happy that you are taking the time to speak to people across the nation about this issue.

As you may know, New Jersey re-established the Department of the Public Advocate last March. My department is charged with advocating on behalf of the public interest and ensuring government is accountable and responsive to the needs of average New Jerseyans. One of our primary mandates under state law is advocating on behalf of individuals with mental illness and disabilities to ensure they receive the help they need.

We just completed a study of the effect of parity coverage on health insurance costs nationally and in other states where parity has been enacted. The primary basis for opposition to parity laws is that they are too costly. So we wanted to take a look at the facts to see if they supported that position. They don't.

As more state adopt parity laws, there is a growing body of data that demonstrates that if New Jersey moves to full parity, the cost increases will be small. Study after study shows that any small upfront premium increase will be more than offset by a decrease in medical costs because illnesses are caught earlier and treated properly.

In Texas, where a partial parity law was enacted in 1991 at the same time as managed care was adopted, there was a 48 percent decrease in the cost of mental health care within managed care plans. In 1997, the Texas Legislature enacted an even stronger parity law.

In 2001, the Congressional Budget Office estimated that the increased cost to employers as a result of full parity would be less than 1 percent. Studies of parity laws in Connecticut, Vermont and Minnesota have shown this to be true, and the most recent study of the Federal Employee Benefits plan shows an increase of only 0.1 percent since parity was enacted. There is nothing to indicate that New Jersey's experience would be any different.

We respectfully submit this report, just released today, to your committee in the hopes that it will help support your efforts to pass the Paul Wellstone Mental Health and Addiction Equity Act. We believe this is a critically important bill, and if there is any way we can be of help in securing its passage, please call upon us.

Congress provided essential leadership in 1996 with the enactment of the Mental Health Parity law. That leadership spurred efforts across the country to bring equity to insurance coverage, and while that journey is far from complete, we have made some progress.

Now, through this bill, Congress is poised to impose parity for financial requirements such as deductibles and co-payments, and parity for treatment limitations – such as the number of covered hospital days or visits. I have no doubt that Congress is once again poised to provide essential leadership to the states.

We plan to present our report to the New Jersey Assembly Appropriations Committee next week when they meet to consider a measure that would give New Jersey full mental health parity. We are hopeful that the state Legislature will see the wisdom in providing parity coverage and concur with former Governor Codey's Mental Health Task Force, which concluded:

“Mental health must be seen for what it is – a public health issue, no different than other medical disorders. For New Jersey to reduce the burden of mental illness, to improve housing, to improve access to care and to achieve urgently needed public education about mental illnesses and mental health, stigma must no longer be tolerated...New Jersey should mandate full mental health parity for all state regulated plans.”

We should also keep in mind that, just as oral health affects a person's overall health, good mental health is also integral to our physical well-being. People with mental illness are less likely to seek preventive care for physical ailments. When they do seek help, they may have a more difficult time accessing quality medical care. This adds up to increasing medical costs – and citizens who are in less than optimal health.

By requiring that insurance coverage for mental health be no less than the coverage of physical illnesses, the stigma surrounding mental illness will lessen. Mental illness will be viewed for what it is --- an illness that can be treated successfully if diagnosed early and treated appropriately. It will no longer be seen as something to hide.

New Jersey citizens should be treated equally whether they have a physical or mental illness. Legislation to correct this problem is long overdue. The cost of providing this care is far less than the benefits that will accrue— healthy people, healthy families and a more productive workforce.

Again, thank you for your important work on behalf of thousands of people with mental illness. If we can be of any assistance, we would welcome the opportunity to help.