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Senate Bills 329 and 330 (as introduced 3-1-07)
Sponsor: Senator Bruce Patterson
Committee: Health Policy

Date Completed: 5-12-08

CONTENT

Senate Bills 329 and 330 would amend the Nonprofit Health Care Corporation Reform Act and the Insurance Code, respectively, to require that policies for mental health services issued by Blue Cross and Blue Shield of Michigan (BCBSM), or by health insurance providers or health maintenance organizations (HMOs), not be more restrictive or costly than policies for medical services.

Specifically, for certificates, policies, or contracts that provided coverage for mental health services issued or renewed on or after January 1, 2008, BCBSM, the insurer, or the HMO, would have to provide cost-sharing requirements and benefit or service limitations for inpatient and outpatient mental health services that did not place a greater financial burden on the insured, enrollee, or member and were not more restrictive than those requirements and limitations for inpatient and outpatient medical services.

Proposed MCL 550.1416e (S.B. 329)
Proposed MCL 500.3406s (S.B. 330)

Legislative Analyst: Julie Cassidy

FISCAL IMPACT

The bills are identical to Senate Bills 229 and 230 of 2005. The fiscal analysis of those bills reads as follows:

"The bills would require that health insurers create parity for cost limits and utilization restrictions between physical and mental health coverages. Estimates of the increased health insurance cost of such parity measures based on studies range from a nominal change up to 3.4%. Thus, for State and local governments, one could expect a resultant change in health insurance costs from 0% to 3.4%. On the State level, this would equate to an amount between \$0 and \$6.4 million GF/GP. The State's Medicaid program would not be affected as the program is not an insurer as defined in statute. It does appear that the mental health coverage provided to Medicaid clients would meet the standards of the legislation."

It is likely this cost estimate is still accurate. It also should be noted that Congress is in the process of considering S. 558, the *Mental Health Parity Act of 2007*. This legislation proposes parity measures similar to those included in Senate Bills 329 and 330. According to a cost estimate prepared by the Congressional Budget Office (CBO), S. 558 would increase health insurance costs by about 0.4%.

Fiscal Analyst: Matthew Grabowski

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.