



**The
ERISA
Industry
Committee**

March 3, 2008

To the Distinguished Members of the House of Representatives:

On behalf of the ERISA Industry Committee (ERIC), I would like to call your immediate attention to the harmful consequences to employee health plans that would be elicited by the passage of a new Mental Health mandate resembling legislation approved by three House committees last year (H.R. 1424).

ERIC is a non-profit association committed to representing the advancement of the employee retirement, health, and compensation plans of America's largest employers. ERIC's members provide benchmark retirement, health care coverage, compensation, and other economic security benefits directly to tens of millions of active and retired workers and their families. ERIC has a strong interest in proposals affecting its members' ability to deliver those benefits, their cost and their effectiveness, as well as the role of those benefits in the American economy.

The irony of the "parity" legislation is that its scope is confined to regulate employers who are already doing the right thing by offering benchmark mental health benefits to their workers. The effect will be to obstruct the contractual relationships employers have worked tirelessly to negotiate with their plan administrators. One of our member companies has pre-existing contracts with more than 150 plans, all of which would require amendment or renegotiation, severely disrupting the entire spectrum of benefits offered.

This is not the time—with record yearly inflation in employer health related expenditures—that our members, or their employees, can afford a shock to their group health plans created by the cost strain that the authors of this legislation themselves anticipate. In fact, probably in recognition of the fact that this mandate might doom some plans, H.R. 1424 contains a provision exempting any employer that experiences a 2% increase in costs associated with compliance. But by that time it will have been too late; not to mention the calamitous impact on employers who see costs rise 1.9% or slightly less.

What will be the practical benefit of employers' complicity with this new mandate? If H.R. 1424 were made law, providers would be entitled to employer plan reimbursement for treating ailments such as jet lag, shyness, poor academic achievement, and sibling rivalry. These "conditions" are all included in the latest version of the American Psychiatric Association's Diagnostic and Statistical Manual (DSM IV). The bill uses inclusion in DSM IV as the standard to which a condition must rise to trigger employer coverage. This is a markedly unprecedented legislative maneuver that would base employer coverage on a publication written by a mental health trade association.

Our members offer comprehensive mental health benefits, in compliance with current regulations, that impose no annual or lifetime limits on mental health that do not apply to surgical and medical benefits. With regard to parity in terms of scope of coverage, we respectfully disagree that medical and surgical procedures can be viewed as correlating to psychiatric ones in the context of employer health plan coverage. We urge you to take a more thoughtful approach to improving our nation's mental health system than the politically expedient proposal of imposing an employer mandate.

Sincerely,

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