



STATE OF HAWAII
DEPARTMENT OF HEALTH
P.O. Box 3378
HONOLULU, HAWAII 96801-3378

In reply, please refer to:
File:

Senate Committee on Health

SB36, Relating to Health

**Testimony of Loretta J. Fuddy, A.C.S.W., M.P.H.
Interim Director of Health**

January 28, 2011

1 **Department's Position:** The Department of Health (DOH) offers comments on this measure.

2 **Fiscal Implications:** N/A

3 **Purpose and Justification:** SB36, Relating to Health, requires the Director of Health to convene a
4 working group to address compliance with federal mental health and substance abuse parity laws and
5 and enhance existing state parity laws.

6 The Department of Health respectfully submits that it is the inappropriate executive agency to
7 provide leadership on a bill focused on private insurance benefit packages and the enforcement of laws
8 regulating private group health plans. Hawaii Revised Statutes section 431-M, which governs the
9 behavioral health insurance benefits SB36 seeks to improve, do not apply to the Department of Health
10 nor influence the manner in which it fulfills its mission.

11 However, the Department is willing to participate as a member of the work group and contribute
12 meaningfully to issues such as behavioral health coordination and specific behavioral health research
13 areas.

14 Thank you for the opportunity to testify.



NEIL ABERCROMBIE
GOVERNOR

BRIAN SCHATZ
LT. GOVERNOR

STATE OF HAWAII
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DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
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KEALI'I S. LOPEZ
INTERIM DIRECTOR

EVERETT KANESHIGE
DEPUTY DIRECTOR

TO THE SENATE COMMITTEE ON HEALTH

TWENTY-SIXTH LEGISLATURE
Regular Session of 2011

Friday, January 28, 2011
2:45 p.m.

TESTIMONY ON SENATE BILL NO. 36 – RELATING TO HEALTH.

TO THE HONORABLE JOSH GREEN, M.D., CHAIR, AND MEMBERS OF THE
COMMITTEE:

My name is Gordon Ito, State Insurance Commissioner, testifying on behalf of the Department of Commerce and Consumer Affairs ("Department"). The Department supports this bill which creates a working group to determine how the State can come into compliance with federal mental health and substance abuse parity laws and regulations and enhance existing state parity laws.

There have been numerous changes in federal law relating to mental health issues and State law should be conformed to the federal law standard.

We thank this Committee for the opportunity to present testimony on this matter and ask for your favorable consideration.

SB 36 Relating to Mental Health and Substance Abuse Parity Requires the Director of Health to convene a mental health and substance abuse parity working group to determine how the State can come into compliance with federal mental health and substance abuse parity laws and regulations and enhance existing state parity laws.

- SENATE COMMITTEE ON HEALTH:
- Senator Green, M.D. Chair; Senator Nishihara, Vice Chair
- Friday, Jan. 28, 2011; 2:45 p.m.
- Conference Room 229

HAWAII SUBSTANCE ABUSE COALITION Supports SB36

GOOD MORNING CHAIR GREEN, VICE CHAIR NISHIHARA AND DISTINGUISHED COMMITTEE MEMBERS. My name is Alan Johnson. I am the current chair of the Hawaii Substance Abuse Coalition (HSAC), a statewide hui of more than twenty non-profit treatment and prevention agencies.

SUMMARY

While the Mental Health Parity and Addiction Equity Act of 2008 puts coverage of mental health and substance abuse benefits on an equal footing with general medical benefits, the State definition of benefit disorder terms could limit coverage. The variety of terms that may be used for alcoholism, substance abuse, substance use, chemical dependency, mental illness, mental health disorder, mental health condition, mental or nervous condition, etc. needs to be evaluated and defined as what is applicable to the new law. A task force that would involve various stakeholders, including Substance Abuse providers, could help define Hawaii's preferences.

SUPPORTING INFORMATION

State law must be revised to at least meet the intent of federal law. In addition, Hawaii has the option to legislate parity law that coincides with Federal law. While State law can be more comprehensive if the particular state has more expansive preferences for treatment, there are guidelines recommended by Federal agencies such as using the International Classification of Diseases Manual and/or the Diagnostic and Statistical Manual of Disorders. Further, the Task Force would address more clarity with respect to:

- Service limits, cost-sharing requirements, and annual/lifetime spending limits.
- Minimum benefit packages pertaining to whether there are no annual limit on outpatient visits and/or specify minimal financial coverages by insurers for outpatient visits.
- Whether coverage levels include allowable institutional and professional charges for inpatient psychiatric care, outpatient psychotherapy, intensive outpatient crisis management, partial hospitalization, and residential care and treatment.
- Address requirements with respect to whether inpatient, day treatment, and outpatient services must be provided.
- Address whether diagnosis and treatment would be provided, or at least supervised, by qualified mental health providers and what is defined as "qualified substance abuse provider." For example, definitions for "providers" could include licensed physicians, accredited public hospitals or psychiatric hospitals, certified counselors and community agencies licensed at the comprehensive service level by the Department of Health.

- Address whether there are specified exemptions for Medicare and Medicaid, federal employee health insurance plans, and employer self-insured plans, which are not regulated by state health insurance laws as well as private employers who are self-insured are exempt from state health insurance laws under the federal Employee Retirement Income Security Act of 1974 (ERISA).
- Address whether parity is limited to only those plans that offer behavioral health benefits or else to mandate the coverage for mental health illnesses and substance use disorders for all plans. Some states are adding to Federal law to remove any limit to groups under a certain size claiming that discrimination is prohibited regardless of the size of the employer group.
- Address whether out of state plans are subject to state laws.

CONCLUSION

Given that the Paul Wellstone-Pete Domenici Mental Health Parity and Addiction Equity Act of 2008 forbids health insurance companies from adding higher cost-sharing rules, deductibles and out-of-pocket limits on mental health services and substance use disorder treatments, the effects of parity legislation will bring about a major change to individuals, health care plans, and managed behavioral health care organizations (MHBOs) and other key stakeholders.

We will need key stakeholders to include Substance Abuse providers to help prepare for parity.

We appreciate the opportunity to provide testimony and are available for questions.

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KŪ ALOHA OLA MAU Supports SB36

GOOD MORNING CHAIR GREEN, VICE CHAIR NISHIHARA AND DISTINGUISHED COMMITTEE MEMBERS. My name is Lisa Cook. I am the Executive Director of Kū Aloha Ola Mau and on the board of Hawaii Substance Abuse Coalition.

SUMMARY

While the Mental Health Parity and Addiction Equity Act of 2008 puts coverage of mental health and substance abuse benefits on an equal footing with general medical benefits, the State definition of benefit disorder terms could limit coverage. The variety of terms that may be used for alcoholism, substance abuse, substance use, chemical dependency, mental illness, mental health disorder, mental health condition, mental or nervous condition, etc. needs to be evaluated and defined as what is applicable to the new law. A task force that would involve various stakeholders, including Substance Abuse providers, could help define Hawaii's preferences.

SUPPORTING INFORMATION

State law must be revised to at least meet the intent of federal law. In addition, **Hawaii has the option to legislate parity law that coincides with Federal law.** While State law can be more comprehensive, there are guidelines recommended by Federal agencies such as using the International Classification of Diseases Manual and/or the Diagnostic and Statistical Manual of Disorders. Further, the Task Force would address more clarity with respect to:

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- Address whether there are specified exemptions for Medicare and Medicaid, federal employee health insurance plans, and employer self-insured plans, which are not regulated by state health insurance laws as well as private employers who are self-insured

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We will need key stakeholders to include Substance Abuse providers to help prepare for parity.

We appreciate the opportunity to provide testimony and are available for questions.

Mahalo Nui,

Lisa Cook, LSW, ACSW
Executive Director

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HAWAII SUBSTANCE ABUSE COALITION Supports SB36

ALOHA CHAIR GREEN, VICE CHAIR NISHIHARA AND DISTINGUISHED COMMITTEE MEMBERS. My name is Linda Rich. I am a member of the Hawaii Substance Abuse Coalition (HSAC) and the administrator of an organization that provides integrated substance abuse and mental health services. I am a licensed social worker and a certified substance abuse counselor.

SUMMARY

A task force, including Substance Abuse providers, is needed to define the disorders to be covered by Hawaii law.

The Mental Health Parity and Addiction Equity Act of 2008 puts coverage of mental health and substance abuse benefits on an equal footing with general medical benefits. However, the State definition of benefit disorder terms could limit coverage. There is a variety of terms that may be used for alcoholism, substance abuse, substance use, chemical dependency, mental illness, mental health disorder, mental health condition, mental or nervous condition, etc. There is a need to more clearly define terms to insure that Hawaii meets the intent of the federal legislation.

SUPPORTING INFORMATION

State law must be revised to at least meet the intent of federal law. In addition, Hawaii has the option to legislate parity law that coincides with Federal law. While State law can be more comprehensive if the particular state has more expansive preferences for treatment, there are guidelines recommended by Federal agencies such as using the International Classification of Diseases Manual and/or the Diagnostic and Statistical Manual of Disorders. Further, the Task Force would address more clarity with respect to:

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We will need key stakeholders to include Substance Abuse providers to help prepare for parity.

I appreciate the opportunity to provide testimony.



DOING THE
MOST GOOD

Founded in 1865

William Booth
Founder

John Larson
General

James Knaggs
Territorial Commander

Edward Hill
Divisional Commander

Lawrence Williams
Executive Director

The Salvation Army

Addiction Treatment Services

January 28, 2011

SB 36 Relating to Mental Health and Substance Abuse Parity
Conference Room 229

SENATE COMMITTEE ON HEALTH
Senator Josh Green, M.D., Chairperson
Senator Clarence Nishihara, Vice-Chairperson

WRITTEN TESTIMONY IN SUPPORT OF SB 36

ALOHA CHAIR GREEN, VICE CHAIR NISHIHARA, AND HEALTH
COMMITTEE MEMBERS:

My name is Larry Williams, executive director of The Salvation Army Addiction Treatment Services, which provides a comprehensive continuum of substance abuse treatment services for more than 1,200 adults annually. I **support passage of Senate Bill No. 36** for the following reasons:

Alcohol and drug dependence continues to represent a pervasive health problem in Hawaii costing taxpayers hundreds of millions dollars annually in terms of crimes against persons and property, prison overcrowding, child and spouse abuse, highway fatalities, AIDS, unemployment and lost tax revenues. Untreated substance abuse problems also cost Hawaii's businesses many millions annually in increased medical claims and disability cost from illnesses and injuries, theft, absenteeism, and decreased productivity. Reduction of substance abuse can be accomplished by increasing the availability of treatment.

Addiction and mental health problems are treatable illnesses and should not be excluded from or given lesser coverage by Hawaii's insurance plans and governmental agencies. Passage of SB36 will ensure consensus and input from key stakeholders in helping Hawaii comply with existing federal mental health and substance abuse parity laws and regulations, and ultimately increase the availability of treatment for individuals in Hawaii with substance abuse problems and mental illness.

Therefore, I respectfully request that the **Senate Committee on Health support SB36 by passing it out of committee.**

Thank you for this opportunity to provide input regarding this important subject matter.

Participating Agency



Aloha United Way

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Visit us at: www.SalvationArmyHawaii.org