

## Legal Action Center's Position Paper on Parity

Achieving parity in insurance coverage for alcohol and drug treatment is imperative at a time when alcohol and illicit drug use in the workplace, including lost productivity, medical claims and accidents, costs over \$140 billion per year, and more than three-quarters (77 percent) of drug users in 1996 were employed, including 6.2 million full-time workers and 1.9 million part-time workers. Unfortunately, some workers, many of whom are women with children, have unnecessarily limited health insurance benefits for alcohol and drug treatment, and others have none at all.

According to a 1993 study, most private health insurance plans that cover alcohol and drug treatment set annual and lifetime financial and visit limits on the benefits. These limits, combined with the fact that drug abuse is a chronic, recurrent condition, mean that covered individuals quickly exhaust their benefits.

When privately insured individuals exhaust their benefits, they turn to the public sector for treatment, which increases costs to federal, state, and local governments. A 1994 study estimated that 20 % of public reimbursements are for clients who have private health insurance. Privately insured individuals seeking treatment in the public sector crowd out individuals traditionally served by the public sector and increase waiting lists for publicly-funded treatment.

Better and more comprehensive private health insurance coverage is affordable. Providing parity will not significantly increase health insurance premiums. An actuarial study by Milliman & Robertson concluded that full substance abuse parity would increase total health insurance premiums by only 0.5 percent, or pennies per day for each person covered. The Substance Abuse and Mental Health Services Administration has determined that fully parity would cost even less, increasing composite health insurance premiums by only 0.2 percent.

Providing drug and alcohol treatment services on par with services for other physical illnesses will decrease health care and other costs for employers. Health care costs will decrease because treated employees *and* members of their families use fewer health services. Untreated alcoholics incur general health care costs that are at least 100 % higher than non-alcoholics. Sickness claims, hospitalizations, and days lost to illness drop by 50% after treatment.<sup>1</sup> Health care utilization by the family drops 50%.<sup>2</sup> Other costs incurred by employers from absenteeism, disability days, and disciplinary actions all decrease by more than 50% after treatment.<sup>3</sup>

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<sup>1</sup> President's Commission on Model State Drug Laws, "Socioeconomic Evaluations of Addictions Treatment," 1993

<sup>2</sup> Ibid.

<sup>3</sup> Ibid.