

BENEFITS AND COMPENSATION, DIVERSITY & INCLUSION

HR and Benefit Professionals Serve Key Role in Prioritizing Employee Mental Health

By Christine Cooper, aequum LLC | Sep 20, 2023 | [Benefits and Compensation, Diversity & Inclusion](#)

Updated: Sep 20, 2023

Our nation's mental health crisis declared by President Biden significantly impacts employee's wellness and productivity in the workplace. The impact on productivity due to mental health episodes is alarming:

- An annual estimated 12 billion working days at a cost of \$1 trillion US dollars, according to the [World Health Organization \(WHO\)](#).
- The [American Psychiatric Association](#) estimated that depression alone costs the U.S. economy over \$200 billion per year in lost employee productivity.



COVID-19 has had a significant impact on employee mental health. The pandemic brought about a range of stressors and challenges that have affected people's mental well-being in various and extended ways. Uncertainty, employment dislocation and changes to work routines contributed to increased stress, anxiety and depression among our nation's work force.

According to the National Institute on Mental Health, over 57 million American adults aged 18 or older (22.8%) suffer from mental illness. Among this group, 14 million (5.5%) suffer from a Serious Mental Illness (SMI).

Effectively addressing mental health needs offers significant productivity improvements:

- The WHO estimated that for every \$1 invested in scaling up mental health treatment for common mental disorders, there is a return of \$4 in improved health and productivity.
- According to a [Deloitte study](#), employees whose organization supports their well-being and mental health are nearly four times more likely to be engaged at work and five times more likely to be loyal.

Few employee benefit solutions offer a comparable return on investment as the do from employers and their HR administrators prioritizing mental health support as a benefit.

Mental Health Parity

The Mental Health Parity and Addiction Equity Act (MHPAEA) adds parity rules that require health plans to offer mental health and substance use disorder (MHSUD) benefits comparable to benefits for other medical conditions. The law aims to prevent discriminatory practices such as higher deductibles, co-pays or coinsurance/out of pocket expense maximums. The law also precludes plan designs that apply stricter quantitative treatment limits (number of visits, etc.) or more stringent qualitative treatment criteria (prior authorization) for mental health services.

The MHPAEA applies to most employer-sponsored health plans. Parity is required between mental health and other conditions in the following areas:

- Financial Requirements: Co-pays, deductibles, coinsurance, out-of-pocket maximums.
- Quantitative Treatment Limits: The number of visits or days of coverage.
- Nonquantitative Treatment Limits (NQTLs): Non-numerical limits, such as prior authorization requirements or medical necessity reviews.

Employer Benefit Challenge: Strategic Approaches Beyond Parity

Following the pandemic, nearly 4 out of 10 employers expanded their mental health coverage, according to a survey conducted by KFF. A [2021 employee benefits survey](#) conducted by the Society for Human Resource Management (SHRM) revealed that 56% of organizations increased their focus on mental health initiatives. According to *Mental Health in America: A 2022 Workplace Report* also sponsored by SHRM, 78% of organizations currently offer, or plan to offer, mental health resources beyond their health plan's coverage.

The Affordable Care Act (ACA) expanded access to mental health services by requiring most health plans to provide “Essential Health Benefits” – including mental health treatment. The challenge became one of finding cost-effective solutions that combine mental and behavioral health support services and health plan coverage. In part due to the limited number of network providers and perceived stigma, many participants use non-network providers. Some elect to pay out of pocket, for their mental health services – foregoing benefits under their employer-sponsored health plan.

That utilization pattern may not be acceptable in the future. The Biden Administration recently announced dramatically different and heightened **parity** compliance standards for mental health benefits. The new rules propose to measure parity with other medical conditions by evaluating **outcomes**: (1) mental health provider network adequacy, (2) in-network and out-of-network payment differences, (3) prior authorization requirements, and (4) non-quantitative treatment limits. If finalized, the proposed rules would be effective for the 2025 plan year – adding to plan costs. The new rules focus on network adequacy and benefit differences between in-network and out-of-network providers.

“Pure” Reference Based Pricing (RBP) for mental health services, coupled with participant representation, offers a solution that is both compliant and strategic. Other solutions that would alleviate the financial stress that exacerbates mental health conditions include a ‘health and wealth’ strategy that “nudges” participants to build savings rather than electing more costly insurance.

Mercer's [Health on Demand 2023 Survey Report](#) notes that tax-efficient, cost-effective strategies that lower participant paid out-of-pocket costs include Health Savings Account capable coverage.

As many mental health conditions are treated with prescription drugs, another solution might include effectively designed acquisition cost-based pharmacy pricing.

Value of a Medical Billing Partner

HR and benefits professionals, plan sponsors and third-party administrators are benefiting from partnerships with tech-enabled medical billing support services that provide valuable cost-management insights through proprietary data-driven solutions. Real-time price information of provider services enables plan participants to make the most advantageous cost-benefit decisions regarding their mental health care options.

Long-Term Disability Benefits

ACA's employer mandate does not apply to Long Term Disability (LTD) benefits – only about 40% of American workers have LTD coverage. And, while the MHPAEA applies to health coverage, it does not apply to LTD benefits.

Mental health conditions can be just as debilitating as other medical conditions. They can significantly impact a person's ability to work. Despite this, many employer-sponsored LTD plans limit the duration of income replacement benefits where the disabling condition is a mental illness or substance use disorder.

This challenge, as a health disparity, is a current focus of the Department of Labor, Employee Benefits Security Administration, ERISA Advisory Council (Council). The Council will release recommendations for legislative, regulatory and sub-regulatory action by year-end 2023. Options exist to add/adjust LTD coverage without adding to the cost of benefits, total rewards. And, because long term disability claims and appeals are the most frequently litigated employee benefit, achieving parity will also reduce administrative and legal expense.

Eliminating these gaps in income replacement, coupled with consistent Human Resources policies and MHPAEA compliance offers employers an opportunity to improve engagement and gain a competitive advantage.

Christine Cooper is the CEO of [aequum LLC](#) and the Co-Managing Member of Koehler Fitzgerald LLC, a law firm with a national practice. Christine leads the firm's health care practice and is dedicated to assisting and defending plans and patients.