Parity law has little effect on spending for substance abuse treatment

January 24 2014, by Michael Greenwood

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(Medical Xpress)—Despite predictions that requiring health insurers to provide equal coverage for substance use disorder treatment would raise costs, a Yale study finds that the economic impact so far has been

minimal. The study is published online in The *American Journal of Managed Care*.

A team of researchers led by Susan Busch of the Yale School of Public Health studied the first year of the federal parity law's implementation and found that it did not result in an increase in the proportion of enrollees seeking treatment for substance use disorders (SUDs). Their analysis also identified only a modest increase in spending for substance use disorder treatment—$10 annually per health plan enrollee.

The Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act, named after two former U.S. senators and chief supporters of the legislation, was enacted by Congress in 2008 and went into effect for most plans in 2010. Prior to the law's passage, health plans often imposed limitations on treatment for SUDs, including restricting the number of visits and requiring higher cost-sharing.

"To my knowledge this is the first peer-reviewed study to examine the effects of the 2008 federal parity law on substance use treatment," said Busch, associate professor and chair of the department of health policy and management. "The small increase in per-enrollee spending suggests plans are unlikely to drop coverage for SUD treatment in response to the law."

During congressional debate on the bill, some employers and health plans opposed the parity measure on the grounds that it would significantly raise their costs. The researchers concluded that in terms of SUD treatment, it appears that this concern was unfounded.

Busch and her coauthors from the University of Pennsylvania and the John Hopkins Bloomberg School of Public Health noted that their analysis only considered the first year after the law took effect and further research is needed to gauge subsequent impact.

"It will be important to look at the effects of federal parity in future years. Since 2010 new federal regulations have taken effect that may have additional impacts on SUD use and spending," said Busch.

Provided by Yale University

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