

SUBJECT: Group coverage of anorexia and bulimia as serious mental illnesses

COMMITTEE: Insurance — committee substitute recommended

VOTE: 8 ayes — Eiland, Averitt, Burnam, G. Lewis, J. Moreno, Olivo, Seaman, Thompson  
0 nays — None  
1 present not voting — Smithee  
0 absent — None

WITNESSES: For — David Chudnow; Marley Chudnow; Melanie Gantt, Mental Health Association in Texas; Joe Lovelace, NAMI Texas; Deborah Peel, Texas Medical Association, Texas Society of Psychiatric Physicians; *Registered but did not testify*: Troy Alexander, Texas Medical Association; Tom Banning, Texas Academy of Family Physicians; Steve Bresnen, Texas Society of Psychiatric Physicians; John Bush, Texas Society of Psychiatric Physicians  
  
Against — Lara Laneri Keel, TABCC; David Pinkus, Small Business United of Texas; *Registered but did not testify*: Jerry “Nub” Donaldson, Health Insurance Association of America; Mark Shilling, National Federation of Independent Business

BACKGROUND: In 1997, the 75th Legislature enacted HB 1173 by Coleman, et al. to increase health benefit coverage for people with mental illness by requiring certain health maintenance organizations and group insurance plans to provide coverage for medical treatment of serious mental illnesses.

DIGEST: CSHB 849 would amend Insurance Code, art. 3.51-14, to add anorexia and bulimia to the list of psychiatric illnesses defined as “serious mental illness” by the American Psychiatric Association in the Diagnostic and Statistical Manual.

The Sunset Advisory Commission would have to conduct a study on or before September 1, 2006, to determine the impact of expanded health benefit plan coverage on enrollee usage and on the cost of health benefit plans. The commission would report to the Legislature by January 1, 2007. The Texas Department of Insurance and any other state agency would have to cooperate with the commission as necessary to conduct and report the study.

This bill would take effect September 1, 2001, and would apply only to a group health benefit plan that was delivered, issued for delivery, or renewed on or after January 1, 2002.

**SUPPORTERS  
SAY:**

CSHB 849 would include anorexia and bulimia in the definition of “serious mental illness” so as to prohibit insurance companies from excluding coverage of those diseases. This bill came about as the result of a constituent’s personal struggles with an insurance company over anorexia. The parent, whose insurance company denied claims related to his daughter’s anorexia, alleged that 75 percent of parents with children in one hospital’s psychiatric ward were having similar problems with their insurance coverage.

Anorexia and bulimia are serious mental illnesses and should be treated as such. Anorexia usually develops in teenage girls between the ages of 14 and 18, while bulimia is more likely to develop in the late teens or early 20s. About one in 100 adolescents have anorexia; about one to three adolescents has bulimia. Recent estimates indicate the prevalence of bulimia in female college students has increased to one in 20. Treatment of anorexia and bulimia includes a combination of psychotherapy and anti-depressants and, in extreme cases, hospitalization. If left untreated, about 10 percent of these young patients will die from their disease.

CSHB 849 would have a minimal effect on the costs of insurance benefits. The Employee Retirement System (ERS), which covers claims for anorexia and bulimia, paid \$1.03 billion for all insurance claims under its benefit plans in 1998 and 1999. Of that total, about \$53,143 was spent on anorexia and bulimia. Out of 6.1 million ERS claims, only 129 were associated with anorexia and bulimia. One in 40 Texans is insured through ERS, and from these figures, one reasonably could assume that anorexia and bulimia would affect insurance claim costs very minimally if extended to the entire state.

OPPONENTS  
SAY:

As tragic as the conditions of anorexia and bulimia are, the Legislature should not mandate health benefits in any form. Mandated coverage increases the cost and ultimately reduces the accessibility of health insurance. A study conducted through the Texas Department of Insurance in conjunction with the Joint Interim Committee on Mandated Benefits, found that only 13 of the mandates studied were responsible for increasing insurance costs 7 to 7.5 percent. Considering that Texas has 63 mandates on its books, CSHB 849's impact on the collective costs of mandated coverage in Texas could be significant.

Mandated coverage especially poses affordability problems for small businesses that provide insurance coverage for their employees. Many employers are experiencing double-digit increases in the costs of health insurance coverage. The more coverage an insurance company has to provide, the more expensive the benefits package. As mandates are imposed on insurers, these costs are shifted to employers. As a result, since 1996, 18 percent of small employers in Texas have dropped their health insurance benefits altogether. When insurance costs become out of reach, employers will simply quit providing any type of benefits.

NOTES:

The committee substitute included bulimia as a serious mental illness along with anorexia. It also required the Sunset Advisory Commission to conduct a study with the cooperation of the Texas Department of Insurance and any other state agency.