US Congress legislates historic health care reform

With both political parties scrambling to claim credit, the US Congress approved ground-breaking legislation for health insurance reform last month that will enable Americans to carry their health coverage from job to job, and will make it more difficult for insurers to deny coverage on the basis of preexisting medical (including genetic) conditions. The action came hours before Congress's summer recess, and after months of political wrangling over the bill's contents.

Sen. Nancy Kassebaum
(Republican, Kansas).

The legislation, sponsored chiefly by retiring Senator Nancy Kassebaum (Republican, Kansas) and Senator Edward M. Kennedy (Democrat, Massachusetts), is regarded as a significant bipartisan achievement because it will affect so many Americans: an estimated 25 million could benefit from having "portable" health insurance. However, health care in the USA is provided under a patchwork of mostly private health insurance programs

rather than a single government-run system that covers everyone, which means that the health reform legislation does nothing to address the problem of the nearly 40 million Americans who have no health insurance at all.

The bill was approved only after a compromise was reached on medical savings accounts, a controversial provision pushed by Republicans but opposed by Democrats and the Clinton administration as favoring the well-to-do and the healthy. Medical savings accounts would allow individuals to put money aside, tax free, to pay most medical costs and buy insurance policies with high deductibles to cover serious illness. The compromise provides for a limited trial of the system in which up to 750,000 policies will be made available to the self-employed and to workers in businesses with fewer than 50 employees. After four years, the results will be evaluated and Congress will then decide

whether to extend the program to the entire country.

Under the new legislation insurers must make coverage available to any person who leaves a job and then seeks to buy an individual policy. Furthermore, insurers can only deny coverage for 12 months for a preexisting medical condition diagnosed or treated in the previous

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six months. Other provisions allow self-employed individuals to deduct 80 percent of insurance costs by the year 2006 (up from the current 30 percent), give a tax break for long term health care and let individuals with terminal illnesses cash in insurance policies tax-free.

A major casualty of the health reform bill was the elimination of a controversial provision that would have given insurance parity to mental health treatment (see box). This element was vehemently opposed by House Republicans, the insurance industry and

Health reform package ignores mental health

Jerilyn Ross, a Washington, DC-based psychotherapist who treats panic disorders, describes the health insurance discrimination against mental health treatment as "not even penny-wise and pound-foolish — just simply foolish." Ross cites the case of "Joan" as proof, a patient suffering chest pains, dizziness and breathing problems. After US\$50,000 worth of tests — all covered by her insurance — nothing wrong could be found. One day Joan read about panic disorder in a magazine and realized she had all the classic symptoms. Ross evaluated her, confirmed the diagnosis, and estimated that her treatment would cost about US\$2,000. Her insurance company rejected the claim — because it was a mental disorder.

The paradox of stories such as this has been pointed out numerous times in recent weeks as a debate escalated in the US Congress over whether to establish "parity" for mental health treatment coverage with other ailments as part of the recently passed health insurance reform bill. Ultimately, negotiators eliminated mental health parity in the final bill that was approved by both chambers, although the provision was contained in the version of the bill that passed the Senate.

Proponents of parity had argued that scientific advances in recent years have brought new understanding about the biological origins of major mental illnesses, making them no different from other brain disorders such as epilepsy and Parkinson's and Alzheimer's disease, all of which are typically covered by insur-

ance. Many experts feel that major disorders such as clinical depression and schizophrenia will ultimately be covered. But the fight is over the murkier situations, such as those of people who just have trouble coping or of substance abusers.

Opponents of parity — including the US Chamber of Commerce, the Health Insurance Association of America and the Association of Private Pension and Welfare Plans — see health coverage for such problems as never-ending, costly and ripe for abuse. They insist that costs will spiral to a point where many employers will decide to eliminate coverage altogether or will find ways to pass these costs along to their workers.

But proponents cite figures from studies that show mental health costs decline overall when given equal footing. Moreover, advocates stress the efficacy of current treatments, and estimate the direct and indirect costs of treating severe mental illness at just \$74 billion in 1990, compared with \$159 billion for the treatment of cardiovascular disease that year.

Despite a major defeat, mental health advocates promise that the issue will not go away, and vow to fight on. "People with severe mental illnesses and their families are outraged," said Laurie Flynn, executive director of the National Alliance for the Mentally Ill. "[We] will not soon forget this betrayal by these members of Congress."

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