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# Insurers fall short on mental health coverage—and that could drive consumers and employers to insurtechs

Article

**The news:** A new federal report found that many insurers are failing to provide health parity coverage for mental health conditions in compliance with the Mental Health Parity and Addiction Equity Act (MHPAEA).

- For example, one payer covered nutrition services for diabetes but not for mental health conditions like eating disorders.
- The report found that compliance assistance alone was not enough, and that more proactive enforcement was required.

**What is mental health parity law?** The MHPAEA was first enacted in 2008 to require equivalent coverage for mental health care and medical/surgical care, but there's been spotty compliance among insurers.

Historically, patients have to jump through many more hoops to get mental health coverage vs. medical/surgical coverage. And while the MHPAEA is trying to lower those barriers, insurers have been slow to comply.

- For example, some still have restrictions like requiring patients with mental health conditions or substance use disorder to fulfill criteria before being able to get coverage.

**Why it matters:** Coverage imbalances for mental health conditions will only exacerbate the mental health crisis.

- Even before the pandemic, **52 million US adults experienced a mental health condition**, but less than half received treatment for it.
- During the pandemic, the percentage of **US adults with anxiety or depression symptoms jumped from 36.4% in August 2020 to 41.5% in February 2021**, per a CDC analysis.
- Moreover, the MPAEA covers mental health treatment access for substance use disorders (SUD). That's more important than ever considering there was a **30% year-over-year increase in overdoses** in the US from April 2020 to April 2021, per the CDC.

**What's next?** The Department of Labor's Employee Benefits Security Administration (EBSA) is considering enforcing mental health parity laws more strictly, and that means insurers will have to pay fines for not providing broader mental health coverage.

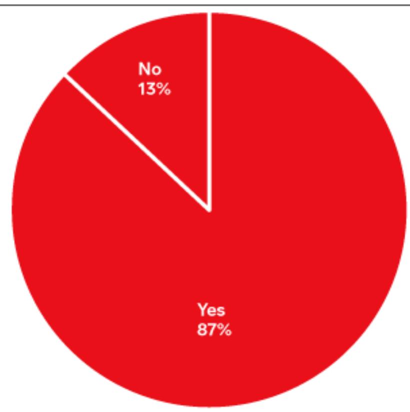
**What does this mean in the long run?** To compensate, insurers could raise premiums even higher—if they do, we suspect more consumers will turn to insurtechs to get their healthcare coverage.

- **Health insurance premiums rose 4% in 2020 and again in 2021**, and out-of-pocket costs are skyrocketing, per KFF's analysis.
- Employers are already buckling under the pressure of fronting the high costs of health benefits: **87% of US employers believe the cost of providing health benefits to their employees would be unsustainable**, according to a 2021 KFF survey of 302 large US employers.

Personalized plans from insurtechs connect individuals to health plans that fit their specific needs and still offer coverage flexibilities around mental healthcare options (including options like virtual therapy). For example, **Oscar Health** offers plans with **$0 copays for therapy sessions** and **HealthCare.com** lets consumers pick insurance products that best fit their needs.

**US Employers Who Believe the Cost of Providing Health Benefits to Their Employees Would Be Unsustainable, Jan 2021**

*% of respondents*




*Note: in the next 5-10 years*
*Source: Purchaser Business Group on Health (PBGH) and Kaiser Family Foundation (KFF), "How Corporate Executives View Rising Health Care Costs and the Role of Government" conducted by Beresford Research, April 29, 2021*

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