

**Government of the District of Columbia
Office of the Chief Financial Officer**



Natwar M. Gandhi
Chief Financial Officer

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MEMORANDUM

TO: The Honorable Linda W. Cropp
Chairman, Council of the District of Columbia

FROM: Natwar Gandhi
Chief Financial Officer 

DATE: MAY 25 2005

SUBJECT: Fiscal Impact Statement: "Drug Abuse, Alcohol Abuse, and Mental Illness Insurance Coverage Amendment Act of 2005"

REFERENCE: DRAFT - No Bill Number

Conclusion

Funds are sufficient in the Mayor's and Council's proposed FY 2006 through FY 2009 budget and financial plan to implement the "Drug Abuse, Alcohol Abuse, and Mental Illness Insurance Coverage Amendment Act of 2005." The proposed legislation has no fiscal impact beyond administrative costs which can be absorbed by the Department of Insurance, Securities and Banking budget.

Background

The "Drug Abuse, Alcohol Abuse, and Mental Illness Insurance Coverage Amendment Act of 2005" amends the Drug Abuse, Alcohol Abuse, and Mental Illness Insurance Coverage Act of 1986 to comply with mental parity mandates under federal law. The 1986 law establishes mental health parity provisions to ensure equal insurance coverage for mental and physical illnesses. The proposed legislation repeals the language in the 1986 law that vacated this requirement for parity on September 19, 2001, thereby extending and restoring the equal health insurance coverage requirement for mental and physical illness.

Financial Plan Impact

The extension of mental health parity beyond the original September 19, 2001 cut-off may have an impact on private health plans, but the existing law states that if the cost of ensuring parity for

The Honorable Linda W. Cropp

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mental health coverage for large group markets results in a greater than one percent increase for providers, they will be exempt from compliance.

The proposed legislation has no fiscal impact beyond administrative costs that can be absorbed by the Department of Insurance, Securities and Banking budget.