



**EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503**

March 5, 2008
(House)

STATEMENT OF ADMINISTRATION POLICY

H.R. 1424 - Paul Wellstone Mental Health and Addiction Equity Act of 2007

(Rep. Kennedy (D) RI and 273 cosponsors)

The Administration supports passage of mental health parity legislation that does not significantly increase health coverage costs. However, the Administration has concerns with H.R. 1424, which would effectively mandate coverage of a broad range of diseases and conditions and would have a negative effect on the accessibility and affordability of employer-provided health benefits and would undermine the uniform administration of employee benefit plans. For example, the bill's confusing preemption provisions could be read to add a patchwork of remedies that vary from State to State. Therefore the Administration strongly opposes House passage of H.R. 1424 or any legislation that expands benefits and remedies beyond what is included in the Senate-passed S. 558.

H.R. 1424 also includes two provisions to offset the approximately \$3 billion in on-budget costs associated with the bill. First, the bill would place new restrictions on physician-owned hospitals. The Administration opposes this provision, which is unnecessary and could restrict patient choice without decreasing Medicare costs. HHS already has administrative policies in place to address concerns about physician-owned hospitals, including disclosure of physician ownership, patient safety measures, and revisions to Medicare's payment systems to better reflect patients' severity of illness and the resources needed to treat patients.

Second, the bill also would increase the Medicaid drug rebate. The Administration objects to any offset that would legislatively mandate an increase to the rebate percentage. As CBO has noted in its 2007 analysis of budget options, it is unknown how this change would impact non-Medicaid beneficiaries and other payers. The Administration is concerned that the proposal would have an adverse impact on private purchasers, including the uninsured, further distort the market for prescription drugs, and discourage innovation in the drug development process.

The Administration urges Congress to offer meaningful protections to American workers and their families by eliminating the disparities between mental health benefits and medical and surgical benefits, without broadly mandating new benefits. The Administration believes the Senate bill strikes the necessary balance of treating mental illness with the same urgency as physical illnesses without significantly increasing health care costs. The Administration would also urge the House to preserve uniformity in health plan administration as has been done in S. 558.

Genetic Information Non-discrimination Act

The rule requires that the provisions of H.R. 493 as passed by the House be added to the Mental

Health Parity bill after the House passes H.R. 1424. While the Administration strongly supports passage of legislation to prevent the misuse of an individual's personal genetic information and believes such legislation is critical to realizing the full potential of genomic medicine, the Administration has both substantive and process objections to the rule. The Administration is strongly opposed to the lack of a clear "firewall" between title I of the Genetic Information Non-discrimination Act (GINA), which addresses genetic discrimination in health benefits provided by health insurers and plans, and title II of GINA, which addresses genetic discrimination in employment. The Administration is concerned that the bill fails to ensure that health benefits disputes are properly brought under the appropriate remedies in ERISA, the Public Health Service Act, or the Internal Revenue Code and that it could unintentionally permit "forum shopping." The Administration also is concerned that unless the legislation is clarified, the bill could be construed to have the unintended effect of prohibiting health plans and issuers from using information about the manifested disease of a dependent covered under an individual's plan for appropriate and routine insurance purposes. The Administration also believes it is important that the legislation's relationship with other provisions of law, such as Health Insurance Portability and Accountability Act, be clearly defined. Finally, the Administration looks forward to working with Congress to address these concerns and pass Mental Health Parity and Genetic Nondiscrimination legislation this year.

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