

# Perception vs Reality: Exploring Mental Health Parity in Long-Term Disability



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# How we got to the 24-month limit

1974

## ERISA Enacted

*Allows Group LTD to expand rapidly*

- Insurers begin to “**carve out**” LTD claims for mental health
- **High inflation** leads to increases in COLA for LTD policies
- Growing cost instability

Late 1980s

## New Mental Health Classifications (1986)

*SSA formalizes updated mental health disability categories*

- Insurers begin implementing **24-month limitations**
- Intended to keep employer costs down
- Growing cost **instability**

1990s

## Mental Health Parity Act (1996)

*Applies to health insurance – excludes disability income*

- **Large increases** in mental health claims
- Shaky job market
- Low interest rates
- Continued financial pressure on LTD pricing



# The “limit” persists, 30+ years later

## Claims/Policy

- Mental Health claims are now roughly 7-8% of Group LTD claims
- Similar RTW patterns (% reaching 24-months) beg the question, which claims are Mental or Physical?
- ~99% of Group LTD policies chosen by employers and brokers have the *(not mandatory)* 24-month limitation

## The cost to remove

Voluntary elections could result in anti-selection & higher load (e.g., we need an all-in approach)

Pricing estimates from insurers tend to be 20% or \$60 per person, per year – possibly more



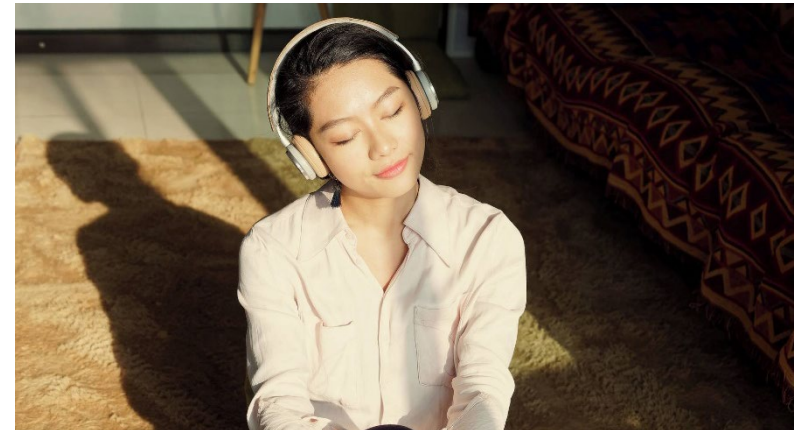
# Mental health, today

## Clinical

- Significantly more consistency in the science of identifying mental health conditions
  - Standardized diagnostic criteria (DSM-5-TR), Evidence-based assessment tools, Improved treatment modalities/medications
- Strong disability case management

## GenZ

Gen Z ushers in a new era of mental health awareness



**The question is . . .**  
**Do we agree mental health is health?**



# Questions?

This content is not to be considered legal advice.

Source material: <https://www.dol.gov/sites/dolgov/files/EBSA/about-ebsa/about-us/erisa-advisory-council/2023-long-term-disability-benefits-and-mental-health-disparity.pdf>

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