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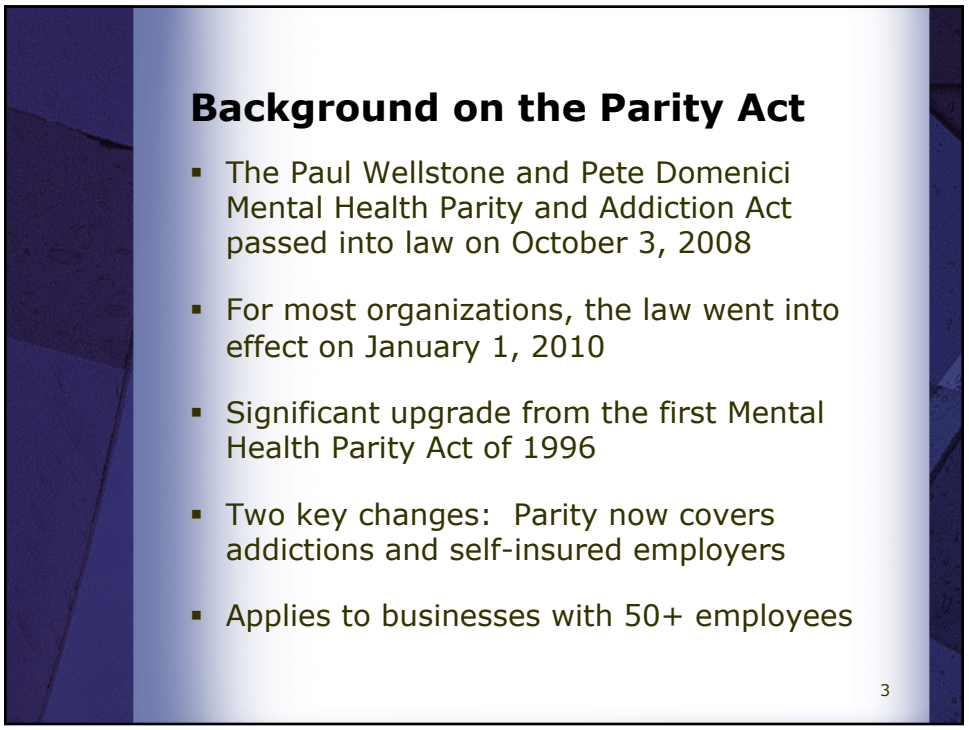

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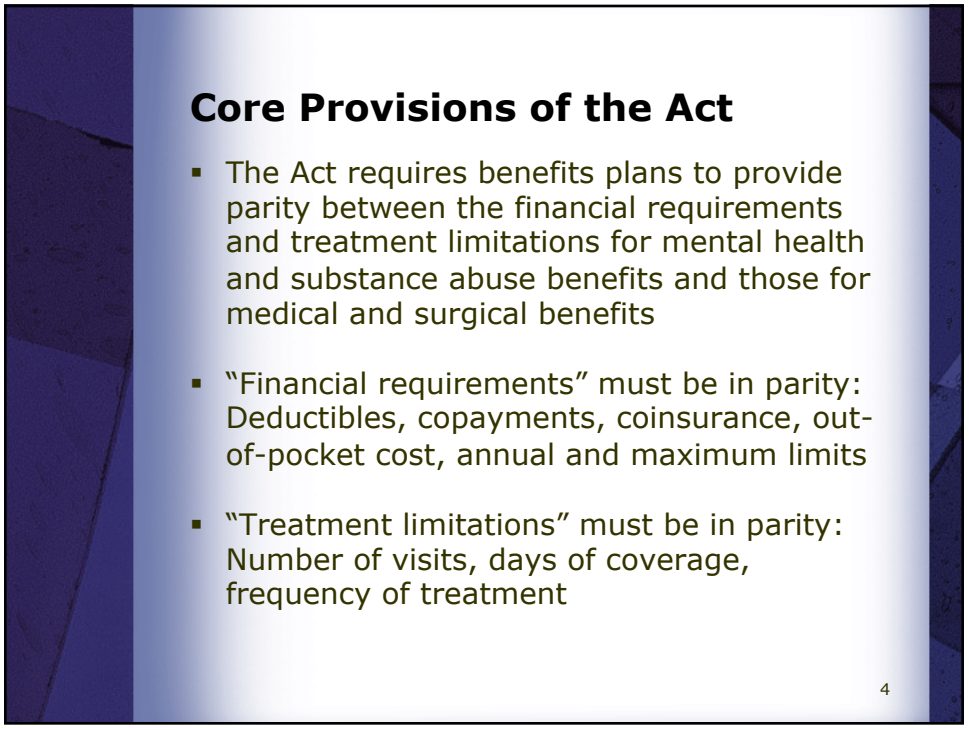

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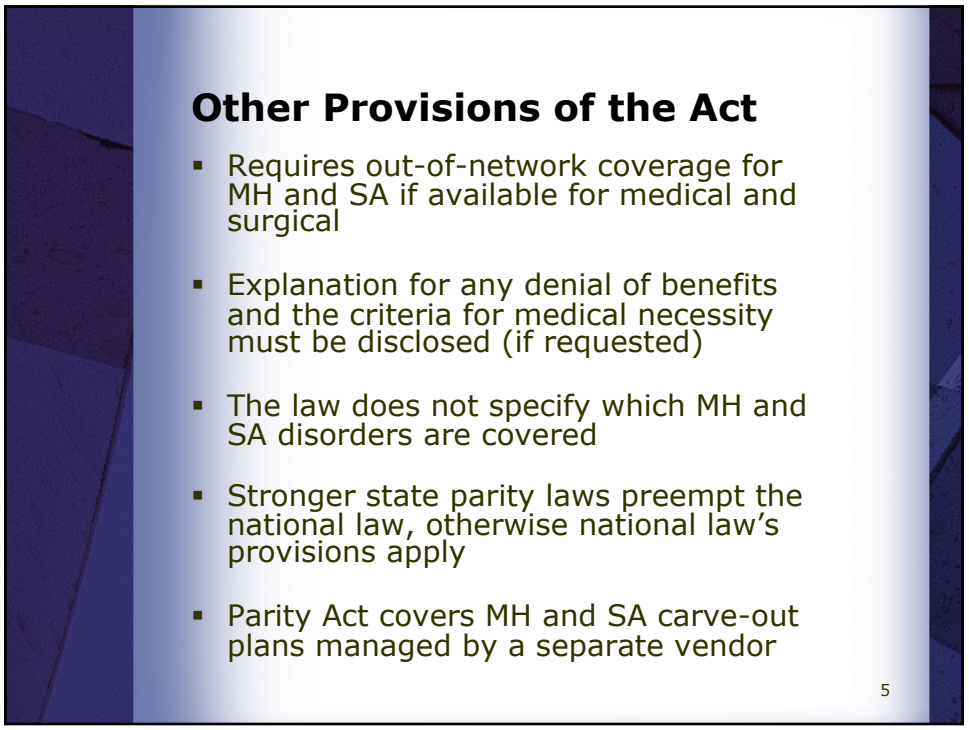

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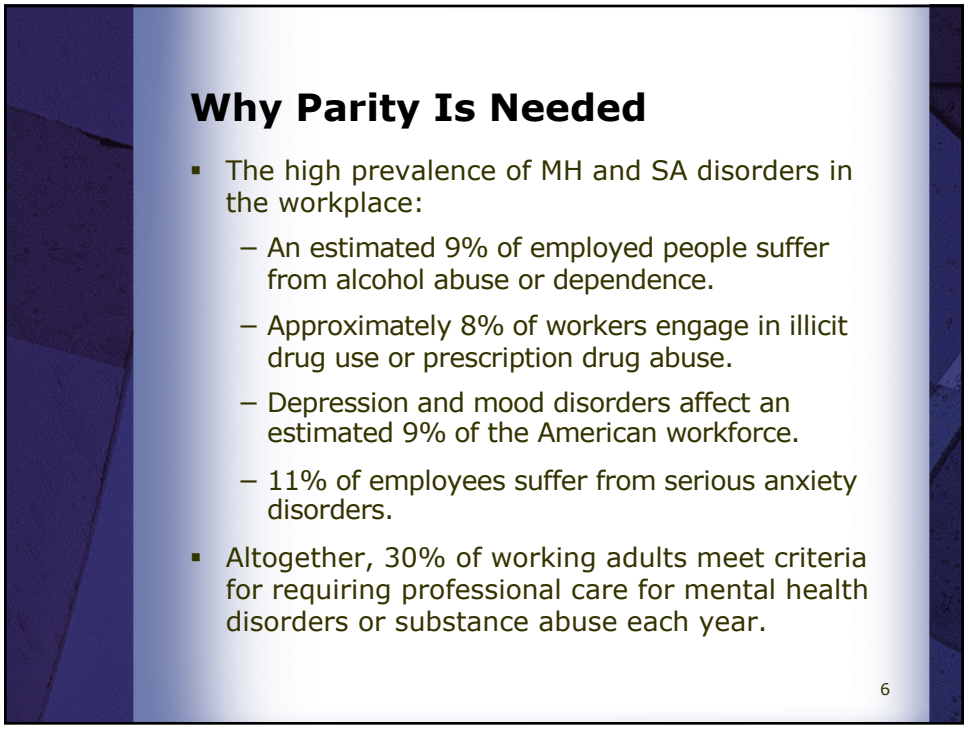

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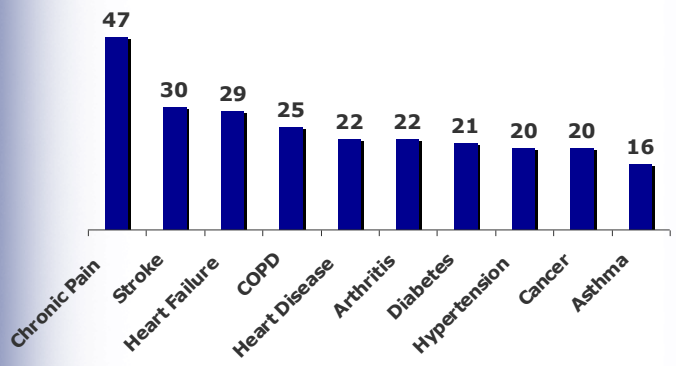
Why Parity is Needed (Cont.)

- The high comorbidity rates for MH and SA with medical health conditions. For example:



Depression as % of Cases with Other Diagnoses

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Why Parity Is Needed (Cont.)

- The high cost of untreated MH and SA disorders in the workplace. For example:
  - Employees with serious MH and SA problems are off on paid sick leave twice as much as the company average.
  - Workers who suffer from MH disorders, such as depression, have between 80% to 100% more disability days off work.
  - On-the-job injuries are 40% more likely among those working individuals with serious mental health, alcohol or drug problems.
- A recent study of the direct and indirect costs of nine common mental health conditions found that the bulk of all costs (85%) were related to work productivity losses.

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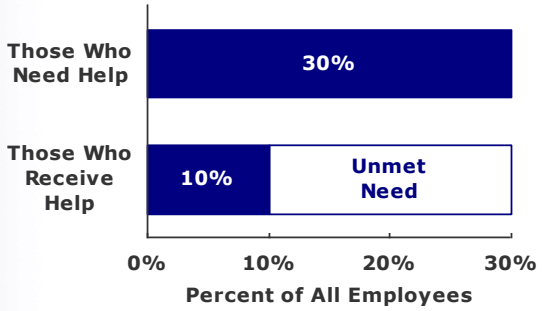
Why Parity Is Needed (Cont.)

- The low utilization by covered employees of their existing MH and SA benefits.
- Only approximately 10% of the workforce receive care each year for MH and SA disorders.



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Open Audience Dialogue

- Questions on the provisions of the Parity Law and why the law is needed?
- Has anyone in the listening audience had experience with parity because it has already been implemented within your state or company?
- The operator will now open up all the lines. Please place your phones on mute when not speaking.

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Who Has Parity in 2009?

- Parity is not a new development.
- Many organizations have parity with mental health benefits (less with substance abuse), including:
  - The federal government since 2001
  - 45 of the 50 states
  - Majority (61%) of large employers in the private sector

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Three Methods of Research on Impact of Parity

- Actuarial estimation studies
- Retrospective actual experience
- Case studies of employers

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Actuarial Research Method

Method: Estimate future costs based on trends from past data on use and costs

Results: Most studies projected small increases

- 0.2% - 2007 Congressional Budget Office national study
- 0.1% - 2007 Milliman Consulting national study
- 0.6% - 2007 State of California study
- 0.2% - 2008 State of Massachusetts study

Interpretation: Thus, expected increase in MH/SA services use associated with very small increase in overall cost of benefits coverage - range of $2 to $6 per every $1,000

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Retrospective Research Review

REVIEW by Ensuring Solutions / GW University

Method: Review of 11 other studies of different states' experiences after implementing parity laws specific to substance abuse treatment.

Results: Small increase of 0.2% in overall cost of health care premiums paid by states, with increased appropriate use of SA treatment services and offsetting cost reductions in other areas.

Interpretation: Cost reductions were because of treatment shifted from hospitals to outpatient providers and because of introduction of managed care carve-out behavioral health programs.

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Retrospective Research Survey of Adults

Study of National Survey on Drug Use and Health

Method: 80,000+ adults with private health insurance and who had mental health distress. Quasi-experimental design compared self-reported changes in mental health service use within states pre parity versus post parity to annual changes in the same calendar year for service use within other comparison states that did not change parity.

Results: In parity states, after the law there was slight increase in the rate of use of mental health care services among the mild (1.2%) and moderate (1.8%) cases, but not for severe cases.

Interpretation: Parity law states had appropriate increases in use of MH services.

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Retrospective Research Survey of Children

Child Mental Health

Method: National study of over 38,000 families in 2000-2002 from the National Survey of Children with Special Health Care Needs. Quasi-experimental design compared use and costs in parity states versus states without parity.

Results: Living in a parity law state was associated with fewer families with out-of-pocket care costs > $1,000 (21% vs 28%) and other measures.

Interpretation: Living in a parity law state reduced the health care related financial burden on families of children with mental health care needs.

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Retrospective Research Claims Study

Federal Employees Health Benefits Program

Method: Quasi-experimental designs comparing annual changes in rates of use and costs measured in claims data from multiple health plans.

Results: Parity lowered MH/SA out-of-pocket costs in most plans studied and parity did not significantly increase rates of use or increase the average total spending for MH/SA. Similar findings also for covered children and adolescents. A switch to use of managed care 'carve-out' plans also happened over same time period.

Interpretation: Parity reduced the personal financial burden on adults and families of children with MH/SA needs but did not increase levels of use in the population as much as anticipated.

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Employer Case Studies

- Large Employers:
  - JPMorgan Chase
  - Pitney Bowes
  - DuPont
- Smaller Employers:
  - Weingarten Realty Investors
  - Houston Texans
  - Houston Chronicle

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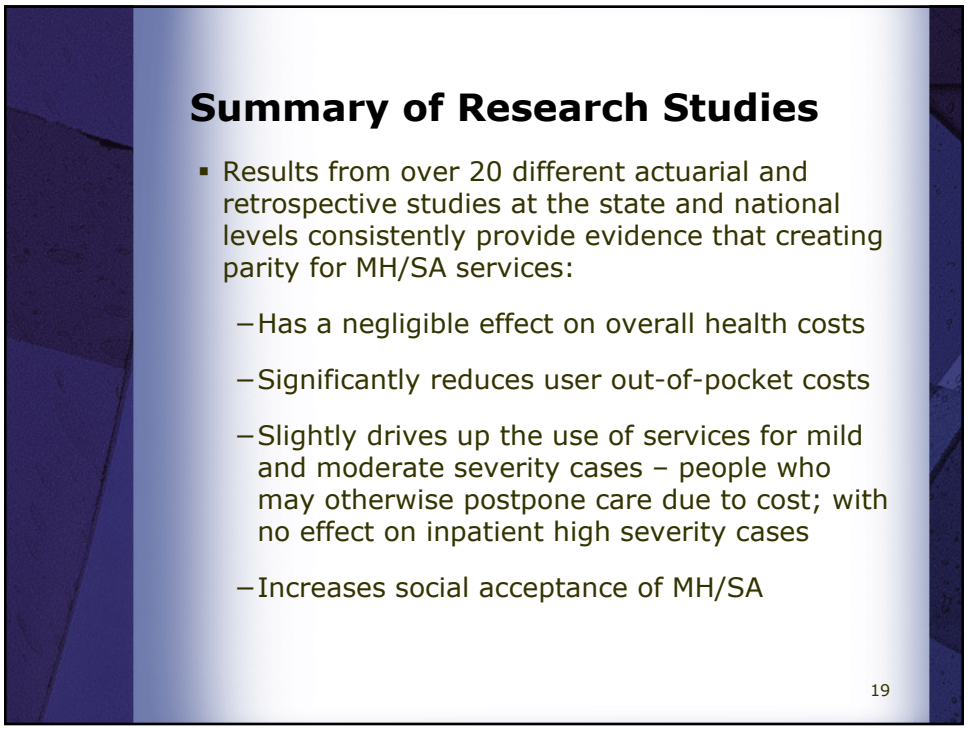

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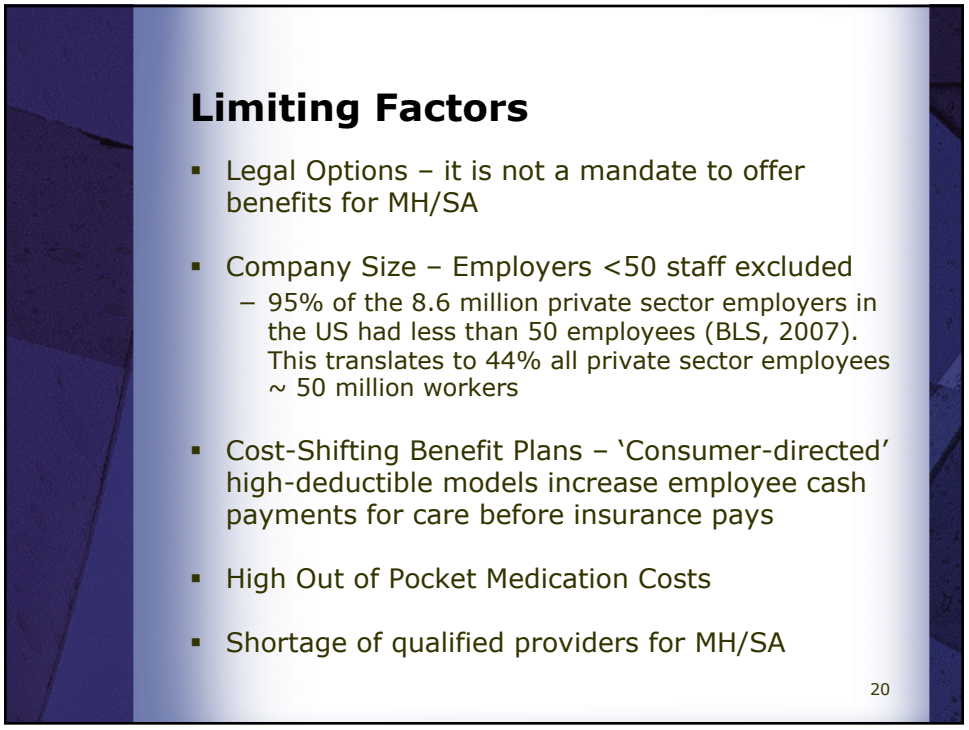

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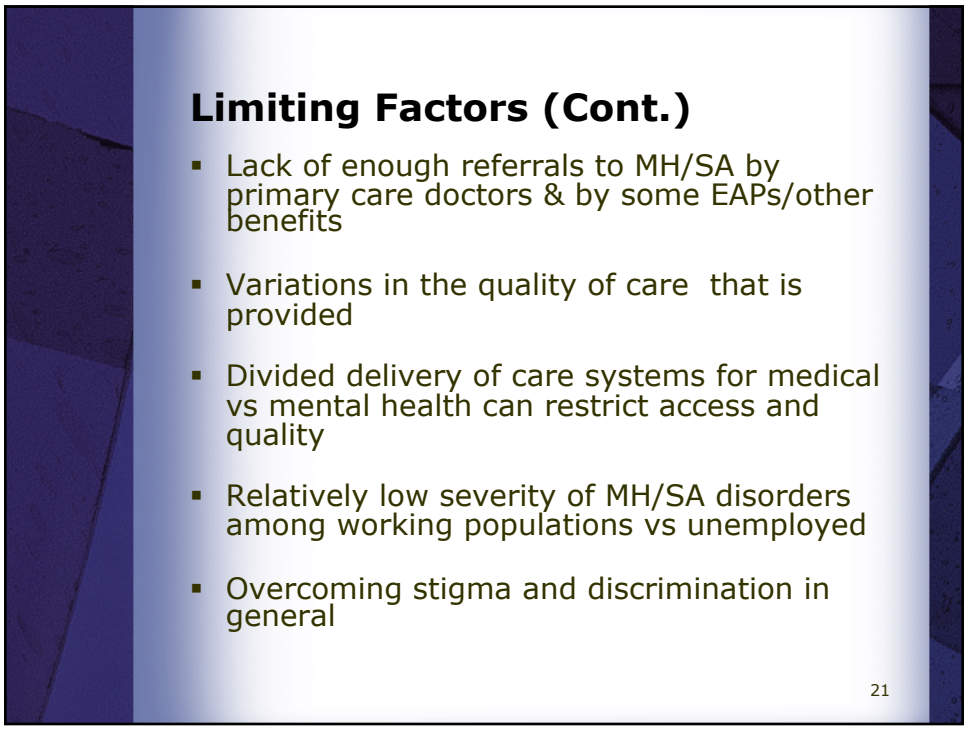

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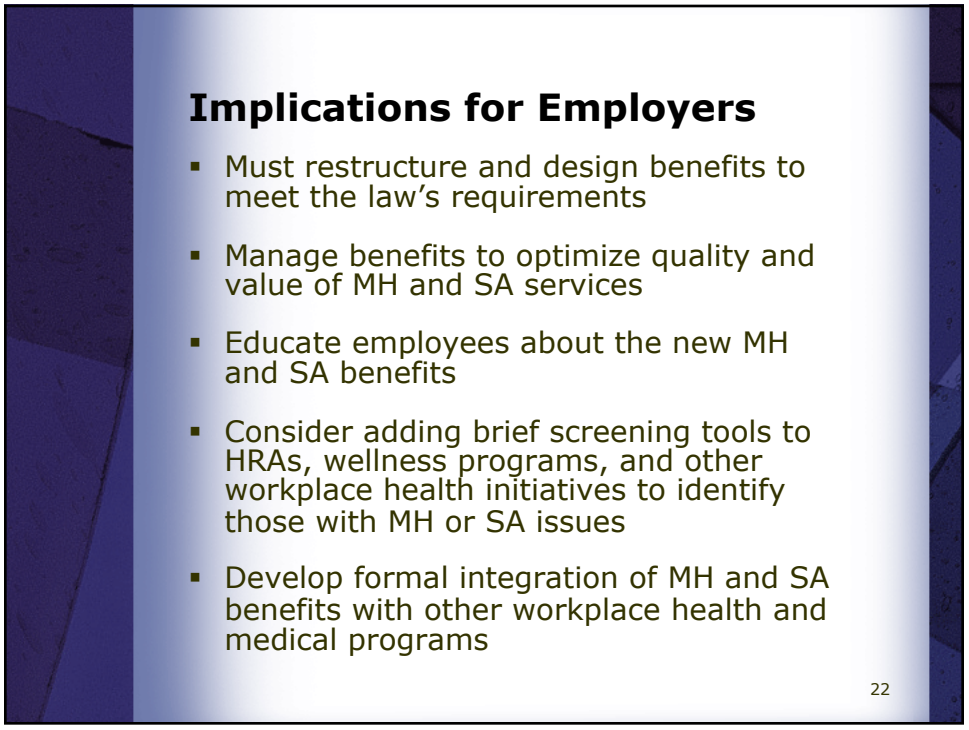

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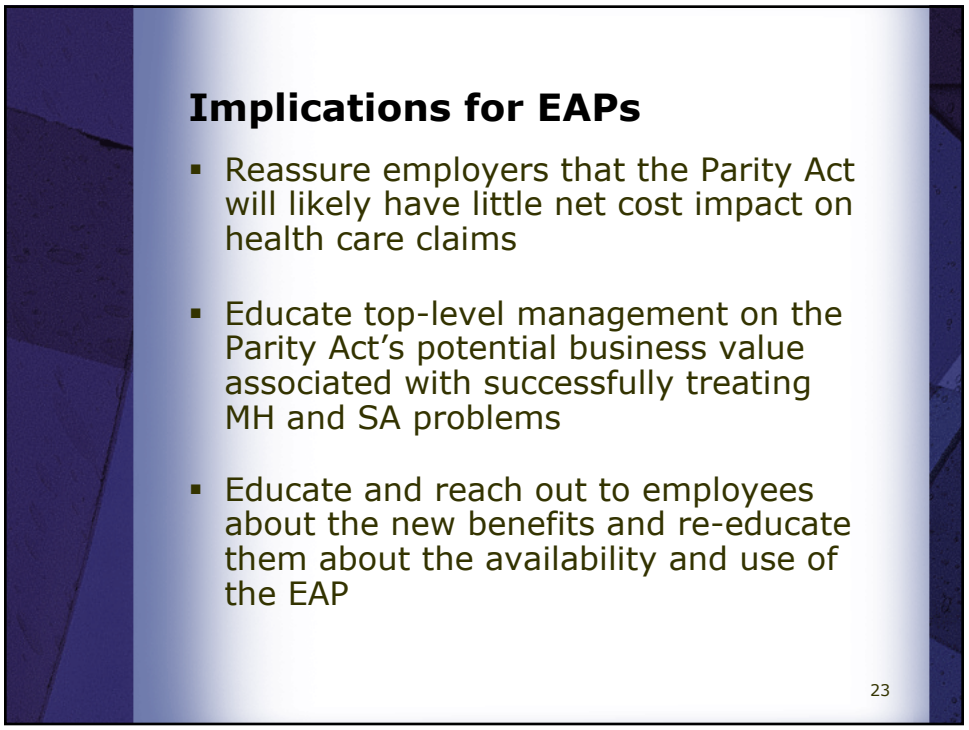

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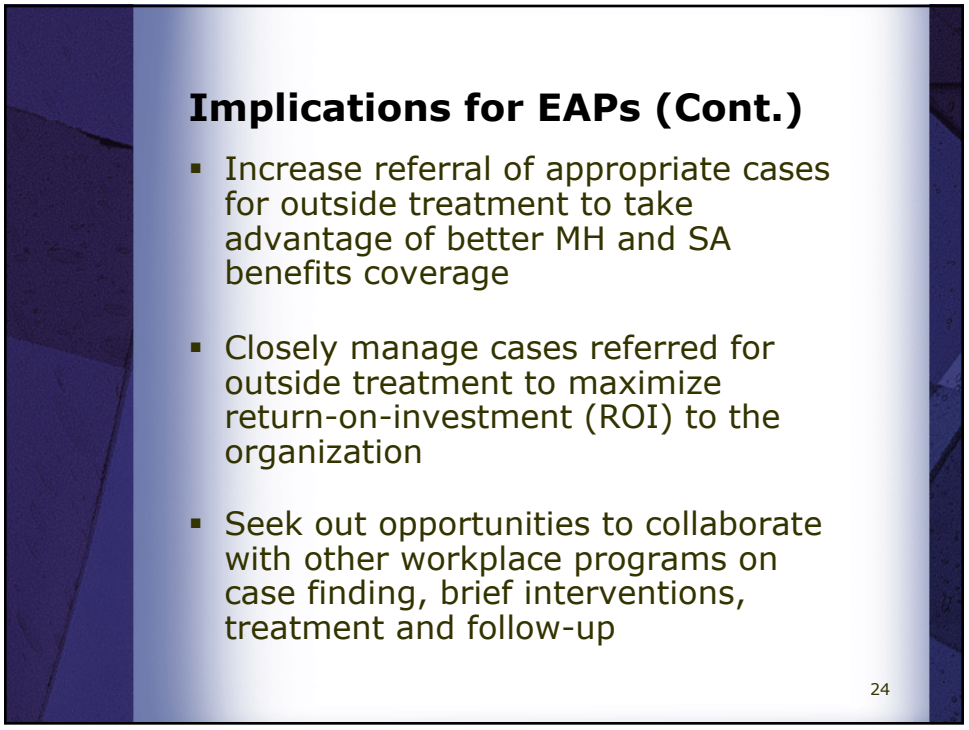

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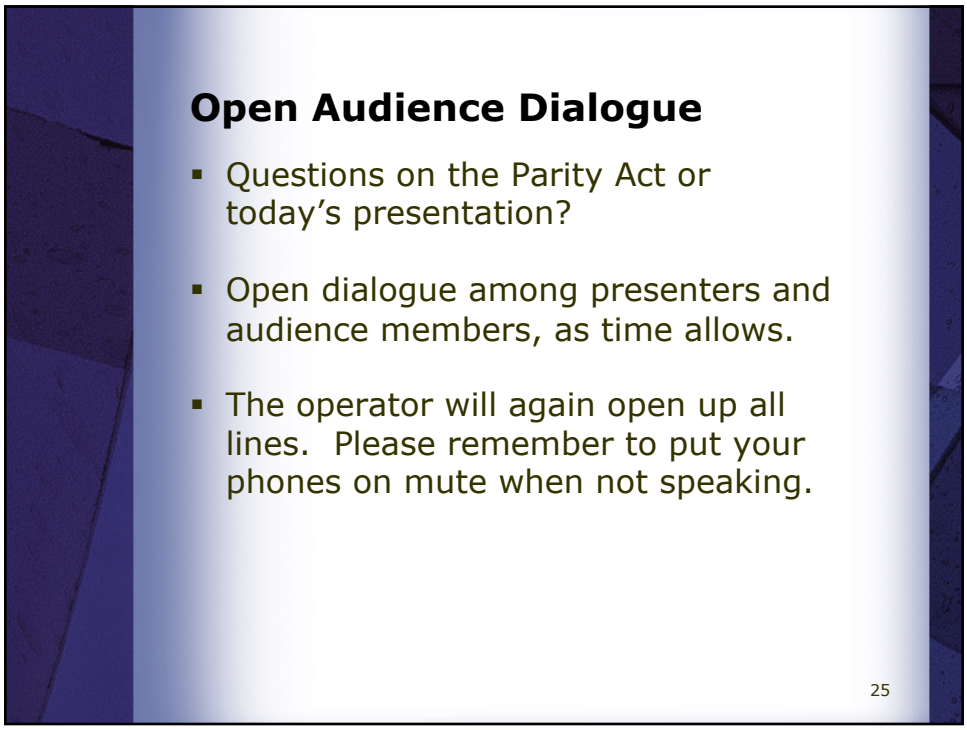

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