

**Cookies Notification**

This site uses cookies. By continuing to browse the site you are agreeing to our use of cookies.

[Find out more.](#)[Accept](#)**RESEARCH ARTICLE**[HEALTH AFFAIRS](#) > [VOL. 16, NO. 4](#)

The Politics And Economics Of Mental Health 'Parity' Laws

[Richard G. Frank](#), [Chris Koyanagi](#), and [Thomas G. McGuire](#)

PUBLISHED: JULY/AUGUST 1997 **No Access** <https://doi.org/10.1377/hlthaff.16.4.108>

 [View Article](#)

Abstract

Prologue:

"Politics is the art of the possible," Otto von Bismarck once said. In the political saga described here, the "possible" turned out to be an amendment (Domenici-Wellstone), originally intended to mandate full parity between mental health and medical/surgical benefits, that mandates instead only partial parity ("the same annual and lifetime limits on plan spending"). In addition, the amendment became part of a totally nonhealth-related appropriations bill instead of its original target, the Kassebaum-Kennedy bill. An irony of this "historic victory," says lead author Richard Frank, is that the final amendment regulates "a market that isn't there anymore."

In this paper Frank and his colleagues Chris Koyanagi and Tom McGuire describe the economic forces that traditionally limited coverage of mental health care, the tortuous journey of the new parity amendment, and the challenges of ensuring access to mental health care in today's managed care world. Frank is a professor in the Department of Health Care Policy at Harvard University and a research associate with the National Bureau of Economic Research. He and McGuire are writing a book on mental health/substance abuse finance reform as a result of

their joint 1994-1996 Robert Wood Johnson Foundation Investigator Award in Health Policy. Koyanagi is director of legislative policy at the Bazelon Center for Mental Health Law, in Washington, D.C. Her particular areas of responsibility are mental health care financing and children's mental health services. McGuire is a professor of economics at Boston University. He is the recipient of two sequential five-year Research Scientist Awards from the National Institute of Mental Health.

ABSTRACT: The enactment of the Domenici-Wellstone amendment in September 1996, which calls for the elimination of certain limits on coverage for mental health care under private insurance, is being hailed as a major step forward in the quest for "parity" in mental health coverage. Parity legislation is being introduced in a number of state legislatures and is finding new enthusiasm in Congress. In this paper we consider the efficiency rationale for these laws and examine their likely impact in the era of managed care. We conclude that although such successes represent important political events, they may offer only small gains in the efficiency and fairness of insurance markets.

TOPICS

[MENTAL HEALTH](#) | [MANAGED CARE](#) | [LEGISLATION](#) | [MENTAL DISORDERS](#) | [ETHICS](#) | [ACCESS TO CARE](#) | [COST SHARING](#) | [COSTS AND SPENDING](#) | [ADVERSE SELECTION](#) | [MARKETS](#)

Loading Comments...

HealthAffairs

1101 Connecticut Ave NW #500

Washington, DC 20036

T 202 408 6801

F 301 654 2845

customerservice@healthaffairs.org

TOPICS

[Access & Use](#)
[Costs & Spending](#)
[COVID-19](#)
[Health Equity](#)
[Health Reform](#)
[Leading To Health](#)
[More Topics](#)

CONTENT

[Journal](#)
[Forefront](#)
[Scholar](#)
[Briefs](#)

Events
Podcasts
Collected Works

INFORMATION FOR

Authors
Request For Abstracts
Reviewers
Subscribers
Advertisers
Media News Room
Funders
Event Attendees

SERVICES & RESOURCES

Submit Content
Subscribe
Renew
Manage My Account
Purchase Content
Permissions
Alerts
Newsletter Sign Up
Advertising Kit

HEALTH AFFAIRS

About
Impact Report
Terms & Conditions
Privacy Policy
Jobs At Health Affairs
Fellowships
Contact Us



[Terms and conditions](#) | [Privacy](#) | [Project HOPE](#)

Health Affairs is pleased to offer [Free Access](#) for low-income countries. Health Affairs gratefully acknowledges the support of many [funders](#).

Health Affairs is an official journal of [AcademyHealth](#).



Health Affairs and its health policy publications are editorially independent from its publisher, [Project HOPE](#), a nonprofit global health and humanitarian organization. Project HOPE has published Health Affairs since 1981.

Copyright 1995 - 2026 by [Project HOPE: The People-to-People Health Foundation, Inc.](#), eISSN 2694-233X.