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The Case against Mental Health Parity, Part III: Does the Care Really Work?

by John C. Goodman and Wess Mitchell

No one doubts that there has been a major scientific breakthrough in the use of drugs to treat the seriously mentally ill. The discovery of atypical antipsychotic drugs makes it possible for schizophrenics — who would have been institutionalized only a few decades ago — to lead reasonably normal lives. This point was vividly made by *A Beautiful Mind*, the movie about Nobel Prize-winning economist John Nash.

Yet while granting these extraordinary successes, one may reasonably question the efficacy of most other therapies. Despite the fact that the United States spends more than $100 billion a year on mental health care, it is not clear what society gets back in return for all the money it spends.

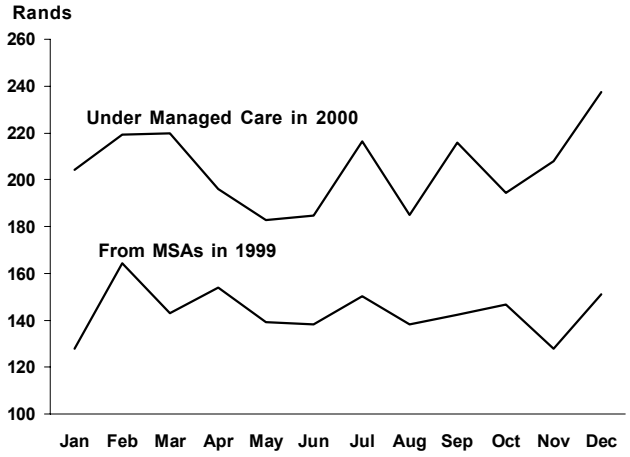
Uncertain Diagnoses: The Handbook of Mental Disorders. The American Psychiatric Association (APA) publishes the *Diagnostic and Statistical Manual of Mental Disorders* (DSM-IV). Yet despite the fact that the members of the APA are all medical doctors, the DSM-IV is far less objective than it appears. One problem is that there is no objective biological test to identify a mental disorder — not even schizophrenia. This is why two mental health professionals can produce conflicting diagnoses for the same patient.

Not only are there no objective tests to identify whether any given patient has a particular disorder, but the decision about whether a set of behavioral patterns qualifies as a disorder also is subjective. For example, the DSM-IV includes such conditions as:

- Developmental-arithmetic disorder, which applies to children who dislike doing homework.
- Oppositional-defiant disorder, which applies to children who argue with their parents.
- Noncompliance-with-treatment disorder, which applies to people who do not think they need treatment.

Critics suspect that mental health professionals secretly believe there is no such being as a truly mentally healthy individual who could not benefit from therapy. Such an elastic view of who needs treatment and how much has led to some notorious cases of fraud in which insured patients were hospitalized, then proclaimed "cured" — on the very day their insurance benefits lapsed.

Spending on Ritalin Among Patients in South Africa[1]



[1] Cost per number per month among those who use Ritalin.

Source: Shaun Matisonn, "Medical Savings Accounts and Prescription Drugs: Evidence from South Africa," National Center for Policy Analysis, forthcoming NCPA Policy Report.

Another problem is that inclusion or exclusion of a disorder from the DSM has become increasingly political:

- Vietnam veterans successfully pushed for the inclusion of post-traumatic stress disorder, thus becoming eligible for psychiatric benefits.
- Feminist groups are lobbying for the removal from the DSM of several female-specific diagnoses, including premenstrual dsyphoric disorder.

Uncertain Cure: Talk Therapy. Much mental health care consists of nothing more than oral communication between therapist and patient. How well does it work?

- Although many mental health providers are Freudians, a recent survey of the scientific literature found no evidence that Freudian psychoanalysis does any good.
- Numerous studies have found that patients on their own improve as much and as often as patients in therapy; other studies have found that mental health professionals are no more effective than nonprofessionals, such as school counselors with minimal skills.

Based on a review of more than 500 scholarly studies, Carnegie-Mellon University Professor Robyn Dawes concludes there is overwhelming evidence that:

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- The therapists' credentials — Ph.D. or M.D., for example — are completely unrelated to the effectiveness of therapy.
- The type of therapy is generally unrelated to its effectiveness.
- The length of therapy is unrelated to its success.

Dawes concludes that mental health professionals are no better than ordinary intelligent people and significantly worse than simple statistical models at predicting whether a person will become violent, whether a criminal will be a recidivist and whether a child has been sexually abused.

Psychologist Tana Dineen in *Manufacturing Victims* says the members of her profession are becoming increasingly less scientific and more focused on maximizing their incomes. "Feelings of unhappiness, boredom, anger, sadness and guilt can now all be interpreted as signs of prior trauma" by the skillful therapist, she writes.

Uncertain Cure: Antidepressant Drugs. In a review of 52 studies from the U.S. Food and Drug Administration (FDA) database, Arif Khan, a psychiatrist at Northwestern University's Clinical Research Center, found that a placebo was as effective as commonly used antidepressants (including Paxil, Prozac and Zoloft) in just over half of the studies.

Uncertain Cure: Treatment for Substance Abuse. A study conducted at the Stanford University School of Medicine found that patients in Alcoholics Anonymous and Narcotics Anonymous — who receive services for free — were significantly less likely to relapse into alcoholism than patients in professional, high-priced programs. Even though the "professional" program was less effective, it cost $4,729 more per patient per year than AA. Other studies have reached similar conclusions.

The Case for Individualism in Mental Health Care. To say that family, friends and clerics may do just as well as trained professionals is not the same as advocating a do-nothing approach. Similarly, to say that a sugar pill may do just as much good as a prescription drug is not the same as advocating abstention from all medications. What works for one patient may or may not work for another. Given that fact, appropriate medical care must allow individual patients to experiment with a variety of therapies to find what works best for them. Note that individualism in health care is the opposite of the managed care approach, which assumes that there is an objective, scientifically validated therapy for all patients with the same condition.

The Case for Medical Savings Accounts in Mental Health Care. Whereas counseling help from family and friends tends to be free, professional counselors typically charge $100 or more per hour. Whereas Alcoholics Anonymous charges its clients nothing, professionally managed rehabilitation centers charge patients and their insurers thousands of dollars. Whereas sugar pill placebos are dirt cheap, brand-name antidepressants can be quite expensive.

Within the mental health field, therapies that are equally efficacious have very different price tags. Individualism in the choice of these treatments, therefore, almost inevitably requires individualism in the way these choices are financed. Put another way, if individuals and families are to do a good job of comparing the costs against the benefits of different therapies, they must bear the full costs and reap the full benefits of the choices they make.

As a practical matter, third-party insurers could never afford to pay for counseling from family, friends and clergy. Monitoring treatment and controlling costs would be impossible. But patients could choose these options — and often would if the money they saved were their own.

A mechanism to allow individuals and their families to control their own mental health dollars is a Medical Savings Account (MSA). Rather than turn over all the funds to a third-party payer, the individual with the MSA — or that individual's employer — deposits some portion of the individual's health insurance premium in an account the individual owns and controls. The advantages are demonstrable. For example, South African patients spending from their own MSAs have managed to reduce spending on Ritalin (for children with attention deficit disorder) by almost 20 percent without any adverse health affects. [See the Figure.]

Conclusion. Given the findings of a vast amount of empirical research, we are wasting an enormous amount of money on mental health care. Potentially, we could get just as much benefit at a fraction of the current cost. A mental health parity mandate will not solve this problem. It will most likely make the problem worse.

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