National Alliance on Mental Illness

Health Reform & Mental Illness

Overview

Affordable coverage for mental health care opens doors that help people with mental illness get the treatment they need to succeed at work, at school and in the community. Under the Affordable Care Act, millions of Americans gained coverage for mental health and substance use conditions. Research from Ohio shows that people enrolled in Medicaid expansion are getting more mental health care, managing chronic depression better and using costly emergency department care less. The research also suggests that Medicaid makes it easier for people to stay working or to seek work.

Medicaid

In 2014, Medicaid covered 1 in 5 adults with mental illness–about 12.8 million Americans.[i] Medicaid is the foundation of our community mental health system and the primary provider of mental health services for people with the most severe mental illnesses. In 2011, 48%[ii] of Medicaid dollars were spent on people with mental health or substance use conditions.

Health reform legislation, such as the House-passed American Health Care Act (AHCA), would cap Medicaid spending. Medicaid caps pose the single biggest threat to mental health care in decades. Per capita caps may sound reasonable, but the nonpartisan Congressional Budget Office estimates these caps would cut hundreds of billions of dollars from Medicaid by 2026. Capping Medicaid would result in millions losing their Medicaid coverage and force states to ration care for those who remain covered–even for children and adults with the most severe mental illnesses.

Stable Medicaid financing allows states to provide consistent mental health care, lower costs and improve outcomes. Medicaid caps lock states into program cuts. While cuts may reduce some spending in the short term, people not receiving mental health care will shift costs to other systems like jails and hospitals. For example, 20% of people in local jails have a serious mental illness[iii] and, without access to quality, affordable mental health care, that number could grow significantly. In 2012, hospital stays for a primary diagnosis of mental illness cost $4.6 billion.[iv] Costs for hospitalization and emergency department visits for mental illness could grow, too, with fewer people getting the mental health care they need.

Medicaid expansion

Thirty-one states, plus the District of Columbia, have expanded Medicaid to cover people with incomes up to 138% of the federal poverty level. Nearly one-third of the Medicaid expansion population has a mental health or substance use condition.[v] Medicaid expansion is covering people who fall through the cracks, including:

- Young adults with first symptoms of a serious mental illness who are not ill enough to be eligible for Medicaid but need intensive services;
- People with serious symptoms of mental illness who cannot navigate the federal disability system to become eligible for Medicaid; and
- People with serious mental illness whose symptoms have stabilized with psychiatric hospitalization and don't meet criteria for Medicaid at discharge.

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Medicaid expansion removes barriers for people with mental illness by allowing people to qualify for coverage based on income, rather than a disability determination. This helps people get mental health services and allows for a path to work and self-sufficiency, while reducing growth in the federal disability system. Currently, over 1 in 4 people who receive Supplemental Security Income (SSI) or Social Security Disability Insurance (SSDI) payments are on disability as a result of mental illness. Medicaid expansion could help lower this ratio.

Insurance safeguards

The Affordable Care Act (ACA) provided important insurance safeguards by requiring coverage of mental health and substance use conditions–and at the same level of coverage as other health conditions. Today, everyone can get coverage regardless of whether they have a mental health condition, such as depression or anxiety. Once a person is covered, there are safeguards to ensure quality coverage and that a person can't be dropped from their plan or turned down for renewal just because they are ill or using services. People cannot be charged more based on their health status, have annual or lifetime limits on their coverage or be subject to exorbitant deductibles or out-of-pocket expenses.

Insurance safeguards are vital to help ensure that people can get and keep health coverage—and can access the mental health care they need to lead healthy, productive lives and contribute to our communities and economy. This is important because mental illness costs our nation an estimated $193.2 billion in lost earnings alone every year.[vi] Mental illness is a leading cause of disability and is the third most costly medical condition in terms of overall health expenditures, behind only cancer and traumatic injury.[vii] Congress should work to stabilize the individual and small group health insurance market, not remove insurance safeguards for people with mental illness.

NAMI's ask

Preserve Medicaid funding and protect mental health coverage. Oppose any health reform legislation that:

- Caps Medicaid, which will force states to ration mental health care as funding fails to keep pace with the needs of individuals and communities;
- Ends Medicaid expansion–a lifeline for single adults with mental illness who fall through the cracks, including young adults with early psychosis;
- Carves away insurance safeguards, such as allowing mental health and substance use treatment to be an optional benefit; or
- Leaves fewer Americans covered for mental health care.

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[i] Garfield, R. and Zur, J., *Medicaid Restructuring Under the American Health Care Act and Implications for Behavioral Health Care in the US* (June 2017), The Henry J. Kaiser Family Foundation.
[ii] *Ibid.*
[iii] Glaze, L.E. & James, D.J. (2006). Mental Health Problems of Prison and Jail Inmates. Bureau of Justice Statistics Special Report. U.S. Department of Justice, Office of Justice Programs Washington, D.C. Retrieved March 5, 2013, from http://bjs.ojp.usdoj.gov/content/pub/pdf/mhppji.pdf
[iv] Heslin KC, Elixhauser A & Steiner CA. (2015). Hospitalizations Involving Mental and Substance Use Disorders Among Adults, 2012. HCUP Statistical Brief #191. Agency for Healthcare Research and Quality, Rockville, MD. http://www.hcup-us.ahrq.gov/reports/statbriefs/sb191-Hospitalization-Mental-Substance-Use-Disorders- 2012.pdf.
[v] Mir M. Ali et al., Substance Abuse and Mental Health Services Administration, *The CBHSQ Short Report: State Participation in the Medicaid Expansion Provision of the Affordable Care Act: Implications for Uninsured Individuals a Behavioral Health Condition* (November 18, 2015), https://www.samhsa.gov/data/sites/default/files/report_2073/ShortReport-2073.html.
[vi] Insel, T.R. (2008). Assessing the Economic Costs of Serious Mental Illness. The American Journal of Psychiatry. 165(6), 663-665
[vii] Soni, A. (2015). *Top Five Most Costly Conditions among Adults Age 18 and Older, 2012: Estimates for the U.S. Civilian Noninstitutionalized Population.* Agency for Healthcare Research and Quality, U.S. Department of Health and Human Services. Retreived from: https://meps.ahrq.gov/data_files/publications/st471/stat471.shtml.

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